

**THE DAILY CALLER NEWS FOUNDATION**

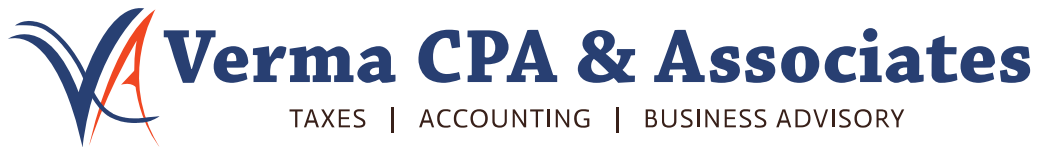
**FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

**THE DAILY CALLER NEWS FOUNDATION**  
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**For the Year Ended December 31, 2020**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
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, 2020, 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 New Foundation as of December 31, 2020, 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.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 12 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

A handwritten signature in black ink, appearing to be 'ZV' followed by a long horizontal stroke.

Verma CPA & Associates

Centreville, VA  
November 15, 2021

**THE DAILY CALLER NEWS FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2020**

<b>ASSETS</b>	
Cash	\$ 1,087,637
Contributions receivable	110,992
Prepaid expenses	37,815
Total Current Assets	<u>1,236,444</u>
Fixed Assets	-
<b>TOTAL ASSETS</b>	<b><u><u>\$ 1,236,444</u></u></b>
<b>LIABILITIES AND NET ASSETS</b>	
Accounts payable and accrued expenses	\$ 110,388
Payable to related party	122,270
SBA PPP Loan	306,757
Total Liabilities	<u>539,415</u>
Net Assets	
Unrestricted-undesignated	258,109
Temporarily restricted	438,920
Total Net Assets	<u>697,029</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u><u>\$ 1,236,444</u></u></b>

**THE DAILY CALLER NEWS FOUNDATION**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2020**

	Unrestricted	Temporarily Restricted	Total
<b>REVENUE</b>			
Grants and contributions	\$ 975,570	\$ 600,000	\$ 1,575,570
Interest income	1,920	-	1,920
Net assets released from restrictions	564,393	(564,393)	-
<b>TOTAL REVENUE</b>	<b>\$ 1,541,883</b>	<b>\$ 35,607</b>	<b>\$ 1,577,490</b>
<b>EXPENSES</b>			
Program services:			
Journalist fellowship training	\$ 280,448	\$ -	\$ 280,448
Investigative reporting	396,904	-	396,904
American Renewal	45,817	-	45,817
Energy team	61,481	-	61,481
Event Income	5,870	-	5,870
Fact Check Reporting	53,332	-	53,332
Online video journalism	168,288	-	168,288
Total program services	1,012,140	-	1,012,140
Supporting services			
Fundraising	373,166	-	373,166
Management and general	384,754	-	384,754
Total supporting services	757,920	-	757,920
<b>TOTAL EXPENSES</b>	<b>1,770,060</b>	<b>-</b>	<b>1,770,060</b>
<b>CHANGE IN NET ASSETS</b>	<b>(228,177)</b>	<b>35,607</b>	<b>(192,570)</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>486,286</b>	<b>403,313</b>	<b>889,599</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 258,109</b>	<b>\$ 438,920</b>	<b>\$ 697,029</b>

See accompanying Independent Auditor's Report and Notes.

**THE DAILY CALLER NEWS FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2020**

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OPERATING ACTIVITIES

Change in net assets	\$ (192,570)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation expense	777
Change in assets and liabilities:	
Decrease in contributions receivable	624,008
Increase in prepaid expenses	(30,011)
Increase in accounts payable and accrued expenses	52,433
Decrease in accrued payroll	(38,428)
Decrease in payable to related party	(9,297)

NET CASH USED IN OPERATING ACTIVITIES	406,912
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INVESTING ACTIVITIES

Capital expenditures - property and equipment	-
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NET CASH USED IN INVESTING ACTIVITIES	-
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FINANCING ACTIVITIES

SBA Loan	306,757
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NET CASH USED IN FINANCING ACTIVITIES	306,757
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NET INCREASE IN CASH	713,669
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CASH AT THE BEGINNING OF YEAR	373,968
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CASH AT THE END OF YEAR	\$ 1,087,637
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See accompanying Independent Auditor's Report and Notes.

# THE DAILY CALLER NEWS FOUNDATION

## Notes to Financial Statements For the Year Ended December 31, 2020

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### NOTE 1 – DESCRIPTION OF ORGANIZATION

The Daily Caller News Foundation (the Organization) is a tax-exempt public charity organization incorporated in the state of Delaware in July 2011. The Organization's mission is to provide original investigative reporting from a team of professional reporters that operates for the public benefit. It is also formed 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. These activities are funded primarily through grants and contributions.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization prepares its financial statements in accordance with the generally accepted accounting principles (GAAP) promulgated in the United States of America. 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 in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in 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.

#### Classification of Net Assets

The Organization's net assets are classified and reported as follows:

**Unrestricted Net Assets** – Unrestricted net assets represent the portion of net assets that are not subject to donor-imposed restrictions, which are used for the Organization's general operations. There were no amounts designated by the Board of Directors for a specific purpose as of December 31, 2020.

**Temporarily Restricted Net Assets** – Temporarily restricted net assets represent the portion of net assets subject to donor-imposed restrictions that may, or will be



# THE DAILY CALLER NEWS FOUNDATION

## Notes to Financial Statements For the Year Ended December 31, 2020

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met either by the Organization's actions and/or by the passage of time. See Note 8 below.

***Permanently Restricted Net Assets*** – Permanently restricted net assets represent the portion of net assets subject to donor-imposed stipulations that the contribution be maintained by the Organization in perpetuity. The donors of these assets permit the Organization to use all or part of the income earned on related investments for general operations or for specific purposes stated by the donors. There were no permanently restricted net assets as of December 31, 2020.

### **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. There were no cash equivalents as of December 31, 2020.

### **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. Management has deemed all amounts fully collectible, and has not established an allowance.

### **Property and Equipment and Related Depreciation**

Property and equipment are recorded at cost when purchased, and at estimated fair value when acquired by contribution. Property and equipment are capitalized if it has a cost of \$1,000 or more and a useful life when acquired of more than one year. Depreciation is recorded on a straight-line basis over the useful lives of the assets. The estimated useful life of furniture and equipment is 3 years. Expenditures for major repairs and improvements are capitalized; expenditures for minor repairs and maintenance costs are expensed when incurred.

Most of the property and equipment used by the organization are provided by a related party as a part of occupancy. During 2020 the organization did not purchase any additional property and equipment. See Note 5 below.

See accompanying Independent Auditor's Report and Notes.

# THE DAILY CALLER NEWS FOUNDATION

## Notes to Financial Statements For the Year Ended December 31, 2020

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### **Contributions**

Contributions, including in-kind services, are recognized when unconditional promises to give are made. In 2020, there were no in-kind services recognized. Conditional contributions are recognized as revenue when donor-imposed conditions are substantially met. Revenue recognized on contributions that have been committed to the Organization but have not been received is reflected as contributions receivable in the accompanying statement of financial position.

Contributions are reported as increases in unrestricted net assets unless use of the contributed assets is specifically restricted by the donor. Contributions received having donor-imposed restrictions as to their use, or those that are intended to fund future periods, are reported as increases in temporarily restricted net asset. Donor restrictions are considered released, and net assets are reclassified to unrestricted net assets, when those restrictions are met and/or the stipulated time periods have elapsed. These amounts are shown as net assets released from restrictions in the accompanying statement of activities.

### **Contributed Services**

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic Not-for-Profit Entities, only the value of contributed services that are considered specialized and can be estimated are recognized in the financial statements. The Organization benefits from personal services provided by individuals in the journalism profession. The value of these contributed services received in 2020 does not qualify for inclusion in the financial statements and, therefore, has not been recorded.

### **Expense Recognition and Allocation**

The costs of providing the Organization's programs and other activities have been summarized on a functional basis in the accompanying statement of activities. 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 based on relevant factors. While such estimates are not conducive to precise determination, and actual results could differ from these estimates, management believes the resulting allocations are reasonable.

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.

# THE DAILY CALLER NEWS FOUNDATION

## Notes to Financial Statements For the Year Ended December 31, 2020

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### **Income Taxes**

The Organization is exempt from federal taxes on income under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. For the year ended December 31, 2020, no provision for income taxes was required, as the Organization had no taxable net unrelated business income.

The Organization performed an evaluation of its uncertain tax positions for the year ended December 31, 2020, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of December 31, 2020, the statute of limitations for tax years 2013 through 2016 remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Organization files tax returns. It is the Organization's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense. As of December 31, 2020, the Organization had no accruals for interest and/or penalties.

### **NOTE 3 – CONTRIBUTIONS RECEIVABLE**

Contributions receivable consists of amounts due from foundations and corporations. Contributions receivable balance was \$110,992 as of December 31, 2020. Management has deemed all amounts fully collectible, and has not established an allowance.

### **NOTE 4 – CONDITIONAL PROMISES TO GIVE**

There was no conditional promise to give as of December 31, 2020.

### **NOTE 5 – PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at December 31, 2020:

Furniture	\$ 1,877
Video Equipment	9,522
Computer Equipment	2,507
	<u>13,906</u>
Less: Accumulated depreciation	<u>(13,906)</u>
Property and Equipment, net	<u>\$ -</u>

Depreciation expense was \$777 in 2020.

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## Notes to Financial Statements For the Year Ended December 31, 2020

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### NOTE 6 – CONCENTRATIONS OF RISK

The Organization maintains its cash with a commercial financial institution, which aggregate balance, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 per depositor per institution. As of December 31, 2020, the Organization had \$1,068,142 of demand deposit, which exceeded the maximum limit insured by the FDIC by \$818,142.

Approximately 46%, of the Organization's 2020 contributions came from three donors. Each of these donor's contributions individually represented greater than 10% of the Organization's total revenue for the year ended December 31, 2020.

### NOTE 7 – RELATED PARTY TRANSACTIONS

The Organization had multiple transactions with related parties, The Daily Caller Inc., which is owned by the Organization's two board members and Bohio7 LLC which is owned 100% by The Daily Caller Inc:

#### Rent

The Organization rented a portion of the office space from The Daily Caller Inc. beginning January 1, 2015 under a Cost Sharing Agreement which ended in April 30, 2020. Starting May 2020, the organization paid rent to Bohio7 LLC. During January - April 2020, rent payments were based on the square footage assigned to the Organization and there were no commitments in terms of future occupancy. During May through December 2020, rent payments were based on one-year lease agreement with Bohio7, LLC. Total rent expense was \$106,299 for the year ended December 31, 2020.

#### Loans from Related Party

The Organization had no loans from related party in 2020.

#### Payable to Related Party

The \$122,270 payable to The Daily Caller Inc. and Bohio7 LLC at December 31, 2020 consisted of the following items:

- 1) A payable balance of \$51,614 was for foundation rent, cable, moving and other expenses shared in the building, per the cost sharing agreement due to The Daily Caller Inc. as of December 31, 2020. This balance was paid off to the Corporation in November 2021.

# THE DAILY CALLER NEWS FOUNDATION

## Notes to Financial Statements For the Year Ended December 31, 2020

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- 2) A payable balance of \$70,656 was for foundation rent per the lease agreement due to Bohio7 LLC. as of December 31, 2020. This balance was also paid off to the LLC in November 2021.

### NOTE 8- TEMPORARY RESTRICTED NET ASSETS

Temporarily restricted net assets relate to restricted contributions specified for the following purposes:

Description	Year 2020
Capital Building	\$200,000
American Renewal	238,920
	<u>\$438,920</u>

### NOTE 9- SBA PAYCHECK PROTECTION PROGRAM (“PPP”) LOAN

The Paycheck Protection Program (PPP), established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The company received loan proceeds in the amount of \$306,757 under the PPP in 2020. All proceeds were used for payroll and other qualifying expenses during 2020. The entire PPP Loan was forgiven in January 2021 by the Small Business Administration (SBA).

### NOTE 10- BAD DEBTS

The Organization had bad debts of \$8,426 in 2020. This included uncollectible 2019 contribution receivable of \$5,000 where the donor closed the business during the pandemic in 2020, and another 2020 uncollectible employee advance payment of \$3,426, where the employee left the Organization during 2020. Management has deemed all other 2020 amounts fully collectible, and has not established an allowance for next year.

### NOTE 11- SUBSEQUENT EVENTS

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 15, 2021, the date the financial statements were available to be issued. There were no subsequent events identified that require recognition or disclosure in the financial statements.

**THE DAILY CALLER NEWS FOUNDATION**  
**SUPPLEMENTAL SCHEDULE OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2020**

	Program Services	Fundraising	Management and General	Total
Salaries	\$ 762,971	\$ 151,226	\$ 180,368	\$ 1,094,565
Employee benefits	38,748	7,680	7,812	54,240
Payroll taxes	72,156	14,302	14,548	101,006
Total Salaries and Related Expenses	<u>873,875</u>	<u>173,208</u>	<u>202,729</u>	<u>1,249,811</u>
Rent	75,937	15,051	15,311	106,299
Professional and consulting fees	43,117	4,890	84,156	132,163
Dues and subscriptions	10,623	2,106	2,142	14,871
Travel and meetings	1,485	76	3,212	4,773
Supplies	1,233	12,888	5,072	19,193
Event Expense	870	-	-	870
Advertising	-	-	547	547
Postage	-	164,947	2,046	166,994
Depreciation	-	-	776	776
Board of Director Fees	-	-	20,000	20,000
Bank service fee	-	-	2,065	2,065
Insurance	-	-	5,410	5,410
Utilities	-	-	32,736	32,736
Moving	-	-	5,127	5,127
Bad Debts	5,000	-	3,426	8,426
Interest	-	-	-	-
<b>TOTAL EXPENSES</b>	<u><u>\$ 1,012,140</u></u>	<u><u>\$ 373,166</u></u>	<u><u>\$ 384,754</u></u>	<u><u>\$ 1,770,060</u></u>