

DAILY CALLER
NEWS FOUNDATION

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2021**

The Daily Caller News Foundation

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INDEPENDENT AUDITORS' REPORT

Management and Board of Directors The Daily Caller News Foundation Washington, DC

Opinion

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, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Daily Caller News Foundation as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Daily Caller News Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' 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 auditors' 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 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 The Daily Caller News Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Daily Caller News Foundation's ability to continue as a going concern for a reasonable period of time.

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

DeLeon & Stang

**DeLeon & Stang, CPAs and Advisors
Frederick, Maryland
December 1, 2022**

**The Daily Caller News Foundation
Statement of Financial Position
December 31, 2021**

ASSETS

Cash and cash equivalents	\$ 2,512,456
Contributions receivable	125,579
Prepaid expenses	329
Property and equipment, net of accumulated depreciation	<u>-</u>
TOTAL ASSETS	<u><u>\$ 2,638,364</u></u>

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable and accrued expenses	\$ 76,148
Accounts payable, related party	105,984
Paycheck protection program loan	<u>306,757</u>
Total liabilities	488,889

Net Assets:

Without donor restrictions	1,099,479
With donor restrictions	<u>1,049,996</u>
Total net assets	<u>2,149,475</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,638,364</u></u>

The Daily Caller News Foundation
Statement of Activities
For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<u>Revenue and Support:</u>			
Individual contributions	\$ 409,083	\$ 306,181	\$ 715,264
Foundation contributions	844,600	926,235	1,770,835
Corporation contributions	145,000	-	145,000
In-kind revenue	26,031	-	26,031
Other income	312,263	-	312,263
Interest income	2,462	-	2,462
Net assets released from restrictions	621,340	(621,340)	-
Total Revenue	2,360,779	611,076	2,971,855
<u>Expenses:</u>			
Program services	608,612	-	608,612
Supporting services	937,877	-	937,877
Total expenses	1,546,489	-	1,546,489
Change in net assets	814,290	611,076	1,425,366
Net assets beginning of year, restated	285,189	438,920	724,109
Net assets end of year	\$ 1,099,479	\$ 1,049,996	\$ 2,149,475

**The Daily Caller News Foundation
Statement of Functional Expenses
For the year ended December 31, 2021**

	Program Services						Supporting Services			Total	
	American Renewal	Energy Reporting	Events	Investigative Reporting	Journalism Fellowship	Online Video Journalism	Total Program Services	Management and General	Fundraising		Total Supporting Services
Salaries	\$ 25,160	\$ 49,415	\$ -	\$ 184,640	\$ 297,210	\$ 40,281	\$ 596,706	\$ 143,619	\$ 133,617	\$ 277,236	\$ 873,942
Payroll taxes	-	-	-	-	-	-	-	78,860	-	78,860	78,860
Employee benefits	-	-	-	-	-	-	-	54,692	-	54,692	54,692
Total Salaries and Related Expenses	25,160	49,415	-	184,640	297,210	40,281	596,706	277,171	133,617	\$ 410,788	1,007,494
Postage and delivery	-	-	-	-	-	-	-	34,043	114,365	148,408	148,408
Event Expenses	-	-	-	-	-	-	-	-	115,556	115,556	115,556
Rent	-	-	-	-	-	-	-	105,984	-	105,984	105,984
Professional and consulting fees	-	-	-	-	-	-	-	48,082	-	48,082	48,082
Utilities	-	-	-	-	-	-	-	26,555	-	26,555	26,555
Dues and subscriptions	-	-	-	-	-	-	-	17,108	6,188	23,296	23,296
Freelancers and contributors	10,330	-	-	-	-	-	10,330	10,983	-	10,983	21,313
Miscellaneous	-	-	-	-	-	-	-	12,501	-	12,501	12,501
Payroll expense	-	-	-	-	-	-	-	11,292	-	11,292	11,292
Bank service fee	-	-	-	-	-	-	-	10,834	-	10,834	10,834
Supplies	-	-	-	-	-	1,261	1,261	7,640	-	7,640	8,901
Travel and meetings	-	-	-	-	315	-	315	4,467	-	4,467	4,782
Insurance	-	-	-	-	-	-	-	1,491	-	1,491	1,491
TOTAL EXPENSES	\$ 35,490	\$ 49,415	\$ -	\$ 184,640	\$ 297,525	\$ 41,542	\$ 608,612	\$ 568,151	\$ 369,726	\$ 937,877	\$ 1,546,489

**The Daily Caller News Foundation
Statement of Cash Flows
For the Year Ended December 31, 2021**

Cash Flows From Operating Activities:

Change in net assets	\$ 1,425,366
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Forgiveness of paycheck protection program loan	(306,757)
Changes in operating assets:	
Contributions receivable	(14,587)
Prepaid expenses	37,486
Accounts payable and accrued expenses	(7,160)
Accounts payable, related party	<u>(16,286)</u>
Total Adjustments	<u>(307,304)</u>
Net cash provided by operating activities	1,118,062

Cash Flows from Financing Activities:

Proceeds from paycheck protection program loan	<u>306,757</u>
Net cash provided by financing activities	<u>306,757</u>

Net increase in cash and cash equivalents	1,424,819
Cash and cash equivalents, beginning of year	<u>1,087,637</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,512,456</u></u>

The Daily Caller News Foundation
Notes to Financial Statements
December 31, 2021

NOTE 1 - 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 train, mentor and launch the next generation of reporters. The Organization nurtures the next group of journalists committed to the guiding principles of individual liberty, limited government, free markets, and pledge to produce trustworthy reporting. The Organization investigates and tells stories that are overlooked or intentionally ignored due to media bias through 300+ licensed media network partners. These activities are funded primarily through grants and contributions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting, whereby revenues are recognized when they are earned and expenses are recognized when they are incurred, without regard to receipt or payment of cash.

Use of Estimates

The preparation of 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 the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Description of Net Assets

The financial statement presentation follows the recommendations of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-210, "Not-for-Profit Entities". Under FASB ASC 958-210, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions – Net assets that are currently available for operating purposes under the direction of management and the board of directors or designated by the board for specific use.

Net Assets With Donor Restrictions – Net assets that are stipulated by donors for specific operating purposes or are time restricted. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose has been fulfilled, or both. Net Assets with donor restrictions at December 31, 2021 were \$1,049,996.

The Daily Caller News Foundation
Notes to Financial Statements (Continued)
December 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Contributions Receivable

Contributions receivable consist of unconditional promises to give that are expected to be collected at a later date. Contributions receivable are reported as net assets without donor restrictions support, unless explicit donor stipulations or circumstances surrounding the promise to give make clear the donor intended it to be used to support specific programs, or for activities in subsequent periods. The Organization's management periodically reviews the status of all receivable balances for collectability based on its knowledge of and relationship with the donor and the age of the receivable balance. Management deems all contributions receivable, collectible, and does not believe that any allowance for uncollectible contributions receivable is necessary as of December 31, 2021.

Property and Equipment and Related Depreciation

Property and equipment greater than or equal to \$1,000 is capitalized at cost, and amortized using the straight-line method over the estimated useful life of the asset (three to five 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.

Contributions

Unconditional contributions are recognized as support and revenue when they are received or promised. The Organization reports such gifts as restricted support and revenues if they are subject to time or donor-imposed restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions when a stipulated time restriction ends, purpose restriction is accomplished, or both.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Certain categories of expenses are attributed to more than one program or supporting function, and therefore, require allocation on a reasonable basis that is consistently applied.

The Daily Caller News Foundation
Notes to Financial Statements (Continued)
December 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Income Taxes

The Organization complies with the provisions of the FASB Accounting Standards Codification topic Accounting for Uncertainty in Income Taxes. For the year ended December 31, 2021, no unrecognized tax provision or benefit exists.

The Organization is exempt from Federal income taxes on its exempt activities under the provisions of Section 501(c)(3) of the Internal Revenue Code and has been classified as other than a private foundation.

The Organization's tax returns may be subject to audit for the three years after filing; hence, the Partnership's tax returns for the years 2018 and onwards are open to tax examination.

Subsequent Events

Management has evaluated the financial statements for subsequent events requiring accrual or disclosure through December 1, 2022, the date which the financial statements were available to be issued. There were no events identified requiring recognition in or disclosure to the financial statements.

NOTE 3 - PRIOR PERIOD ADJUSTMENT

Under a shared cost agreement with The Daily Caller Inc., the Organization historically accrued utilities and other expenses associated with occupying their office space. During 2021, it was determined that all costs would be covered by The Daily Caller Inc. Accordingly, the Organizations beginning net assets without donor restrictions as of December 31, 2021 was restated. The effect of the correction was to increase net assets without donor restrictions by \$27,080, from \$258,109 to \$285,189.

**The Daily Caller News Foundation
Notes to Financial Statements (Continued)
December 31, 2021**

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2021:

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

There was no depreciation expense for the year ended December 31, 2021.

NOTE 5 - IN-KIND REVENUE AND 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 rents a portion of the office space from Bohio7 LLC. On January 1, 2021, the Organization entered into a one year lease agreement, requiring monthly installments of \$8,832. On January 1, 2022, the lease was extended for an additional year, with monthly installments of \$10,417.

Rent expense for the year ended December 31, 2021 was \$105,984.

Future minimum lease payments under the lease agreements previously stated area as follows:

Years ending December 31,

2022	<u>\$ 125,004</u>
	<u><u>\$ 125,004</u></u>

Payable to Related Party

Under the cost sharing agreement with The Daily Caller Inc., certain costs such as rent, utilities, cable, and other expenses were accrued by the Organization, and reimbursed to The Daily Caller Inc. During 2021, it was determined that all previously accrued utilities, cable, and other expenses under the cost sharing agreement were to be fully paid by The Daily Caller Inc. As a result, \$26,031 was reclassified to in-kind revenue, and \$27,080 was restated as a prior period adjustment.

The Daily Caller News Foundation
Notes to Financial Statements (Continued)
December 31, 2021

NOTE 6 - PAYCHECK PROTECTION PROGRAM LOAN

The Organization received 2 loans from Congressional Bank in the amounts of \$306,757 on April 30, 2020 and \$306,757 on March 22, 2021, under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Under terms of this note, all or a portion of the loan, including accrued interest, may be forgiven if proceeds are used for qualifying expenses and if certain staffing levels are maintained. Any unforgiven amounts are payable over a twenty four month period beginning at the time any unforgiven amounts are determined by the Small Business Administration. Interest on the unforgiven balance accrues at 1% annually. The first loan was forgiven in full in January 2021, and is included in other income in the Statement of Activities for the year ended December 31, 2021. The second loan was forgiven in full in June 2022.

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2021, net assets with donor restrictions were available for the following purposes:

Net Assets with Donor Restrictions - Purpose Restrictions	
American renewal	\$ 203,430
Capital building	224,656
Energy and investigative reporting	73,445
Events	123,722
Journalism fellowship	295,050
Online video journalism	<u>129,693</u>
Total Net Assets with Donor Restrictions - Purpose Restrictions	<u>\$ 1,049,996</u>
Total Net Assets with Donor Restrictions	<u>\$ 1,049,996</u>

NOTE 8 - LIQUIDITY AND FUNDS AVAILABLE

The following table reflects the Organization's financial assets as of December 31, 2021, reduced by amounts not available for general expenditure within one year, if any. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, trust assets, and assets held for others. Board designated net assets could be drawn upon if the board approves that action.

The Daily Caller News Foundation
Notes to Financial Statements (Continued)
December 31, 2021

NOTE 8 - LIQUIDITY AND FUNDS AVAILABLE (Continued)

Financial assets available to meet cash needs for general expenditures within one year as of December 31, 2021 consists of the following:

Financial assets:	
Cash and cash equivalents	\$ 2,512,456
Contributions receivable	<u>125,579</u>
Total financial assets	2,638,035
Less net assets with donor restrictions	<u>(1,049,996)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,588,039</u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 9 - CONCENTRATIONS

Revenues

The majority of the Organization's revenue and support is comprised of support from seven major donors. For the year ended December 31, 2021, support from these donors represented 55% of the Organization's total revenue and support.

Credit Risk

The Organization maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. As of December 31, 2021, \$2,188,555 was potentially uninsured. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant concentration of credit risk on its cash and cash equivalents.