

THE DAILY CALLER NEWS FOUNDATION

FINANCIAL STATEMENTS

For the Year Ended
December 31, 2022
and Report Thereon

LANE & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
5335 WISCONSIN AVENUE, N.W.
SUITE 440
WASHINGTON, D.C. 20015
TEL (202) 617-2615
FAX (202) 217-1564

Independent Auditor's Report

To the Board of Directors of
The Daily Caller News Foundation

Opinion

We have audited the accompanying financial statements of the Daily Caller News Foundation (the Foundation), which comprise the statement of financial position as of December 31, 2022 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 Foundation as of December 31, 2022 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 these 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 Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

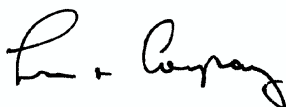
Auditor's Responsibilities for the Audit of the Financial Statements

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. 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 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 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.



Washington, D.C.
August 30, 2023

THE DAILY CALLER NEWS FOUNDATION
STATEMENT OF FINANCIAL POSITION
December 31, 2022

ASSETS

Cash	\$ 2,950,306
Accounts and contributions receivable	324,509
Prepaid expenses	269
Leasehold improvements and equipment, net	<u>192,000</u>
 Total Assets	 <u><u>\$ 3,467,084</u></u>

LIABILITIES AND NET ASSETS

Accounts payable	<u>\$ 56,674</u>
 Total Liabilities	 <u>56,674</u>
 Net Assets	
Without donor restrictions	1,898,176
With donor restrictions	<u>1,512,234</u>
 Total Net Assets	 <u>3,410,410</u>
 Total Liabilities and Net Assets	 <u><u>\$ 3,467,084</u></u>

The accompanying notes are an integral part of these financial statements.

THE DAILY CALLER NEWS FOUNDATION
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

	Without Restrictions	With Restrictions	Total
Revenue and Support			
Foundation contributions	\$ 1,247,226	\$ 925,750	\$ 2,172,976
Individual contributions	299,428	139,894	439,322
PPP loan forgiveness	306,757	-	306,757
Corporation contributions	205,100	-	205,100
Event income	13,500	85,284	98,784
Contributions of nonfinancial assets	20,000	-	20,000
Interest income	14,989	-	14,989
Other income	1,202	-	1,202
Net assets released from restrictions	688,690	(688,690)	-
	<u>2,796,892</u>	<u>462,238</u>	<u>3,259,130</u>
Expenses			
Program services	813,381	-	813,381
Supporting services			
Management and general	999,510	-	999,510
Fundraising	293,704	-	293,704
	<u>2,106,595</u>	<u>-</u>	<u>2,106,595</u>
Change in Net Assets	<u>690,297</u>	<u>462,238</u>	<u>1,152,535</u>
Net Assets, Beginning of Year	<u>1,207,879</u>	<u>1,049,996</u>	<u>2,257,875</u>
Net Assets, End of Year	<u>\$ 1,898,176</u>	<u>\$ 1,512,234</u>	<u>\$ 3,410,410</u>

The accompanying notes are an integral part of these financial statements.

THE DAILY CALLER NEWS FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2022

	American Renewal	Energy and Investigative Reporting	Events	Journalism Fellowship	Total Program Services	Management and General	Fundraising	Total Supporting Services	Totals
Salaries and related	\$ 52,990	\$ 327,582	\$ -	\$ 371,063	\$ 751,635	\$ 420,437	\$ 123,439	\$ 543,876	\$ 1,295,511
Postage and delivery	-	-	107	-	107	172,927	60,461	233,388	233,495
Professional fees	500	-	-	-	500	129,215	-	129,215	129,715
Event expenses	33,017	-	988	-	34,005	-	83,446	83,446	117,451
Occupancy	-	-	-	-	-	104,167	-	104,167	104,167
Insurance	-	-	-	-	-	75,610	-	75,610	75,610
Office expenses	-	4,312	1,489	4,064	9,865	30,354	25,800	56,154	66,019
Amortization	-	-	-	-	-	48,000	-	48,000	48,000
Dues and subscriptions	-	-	-	10,426	10,426	18,111	-	18,111	28,537
Travel and meetings	-	1,612	-	5,231	6,843	689	558	1,247	8,090
Total expenses	\$ 86,507	\$ 333,506	\$ 2,584	\$ 390,784	\$ 813,381	\$ 999,510	\$ 293,704	\$ 1,293,214	\$ 2,106,595

The accompanying notes are an integral part of these financial statements.

THE DAILY CALLER NEWS FOUNDATION
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2022

Cash flows from operating activities	
Change in net assets	\$ 1,152,535
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Amortization	48,000
Forgiveness of Paycheck Protection Program loan	(306,757)
Change in assets and liabilities	
Accounts and contributions receivable	(198,930)
Prepaid expenses	60
Accounts payable	(17,058)
Net cash provided by operating activities	<u>677,850</u>
Cash flow used in investing activities	
Purchase of leasehold improvements	<u>(240,000)</u>
Net cash used in investing activities	<u>(240,000)</u>
Net increase in cash	437,850
Cash, beginning of year	<u>2,512,456</u>
Cash, end of year	<u><u>\$ 2,950,306</u></u>

The accompanying notes are an integral part of these financial statements.

THE DAILY CALLER NEWS FOUNDATION
Notes to Financial Statements
For the Year Ended December 31, 2022

1. ORGANIZATION

The Daily Caller News Foundation (the Foundation) is a publicly supported 501(c)(3) non-profit organization incorporated in the state of Delaware in July 2011. The Foundation's mission is to train, mentor, and launch the next generation of reporters. The Foundation 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 Foundation 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Foundation's financial statements are presented on the accrual basis of accounting, which presents financial position, activities, functional expenses, and cash flows in accordance with accounting principles generally accepted in the United States of America.

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue 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 Foundation is required to report information regarding its financial position and activities according to two classes of net assets:

Continued

THE DAILY CALLER NEWS FOUNDATION
Notes to Financial Statements
For the Year Ended December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Description of Net Assets (continued)

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.

Cash

Cash consists of funds kept in checking and saving accounts with a regional bank.

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 Foundation'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 to be collectible at December 31, 2022.

Leasehold Improvements, Equipment, and Related Amortization/Depreciation

Leasehold improvements 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 leasehold improvements and equipment used by the organization are provided by a related party as a part of occupancy.

Continued

THE DAILY CALLER NEWS FOUNDATION
Notes to Financial Statements
For the Year Ended December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Unconditional contributions are recognized as support and revenue when they are received or promised. The Foundation 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 providing the Foundation'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 staff time and management estimates. 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 Foundation 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 Foundation complies with the provisions of the FASB Accounting Standards Codification topic Accounting for Uncertainty in Income Taxes. For the year ended December 31, 2022, no unrecognized tax provision or benefit exists.

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THE DAILY CALLER NEWS FOUNDATION
Notes to Financial Statements
For the Year Ended December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Newly Adopted Accounting Pronouncements

During the year ended December 31, 2022, the Foundation adopted Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842). The update requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its statements of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. As of December 31, 2022, the Foundation did not have any leases affected by this update.

The Foundation also adopted ASU 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The update requires that a Not-for-Profit (NFP) present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. It also requires an NFP to disclose information disaggregating nonfinancial assets by type as well as the methods of valuation and donor-imposed restrictions. During the year ended December 31, 2022, the Foundation received a contribution of nonfinancial assets in the form of videography services. See Note 10.

3. LIQUIDITY

The following table reflects the Foundation's financial assets as of December 31, 2022, 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.

Financial assets available for general expenditures as of December 31, 2022 are as follows:

Cash and cash equivalents	\$ 2,950,306
Contributions receivable	<u>324,509</u>
Total financial assets	3,274,815
Less accounts payable	(56,674)
Less net assets with donor restrictions	<u>(1,512,234)</u>
Financial assets available for general expenditures	<u>\$ 1,705,907</u>

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

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THE DAILY CALLER NEWS FOUNDATION
Notes to Financial Statements
For the Year Ended December 31, 2022

4. LEASEHOLD IMPROVEMENTS AND EQUIPMENT

Leasehold improvements and equipment consisted of the following at December 31, 2022:

Furniture	\$ 1,877
Video equipment	9,522
Computer equipment	2,507
Leasehold improvements	<u>240,000</u>
Total leasehold improvements and equipment	253,906
Less accumulated amortization	<u>(61,906)</u>
Leasehold improvements and equipment, net	<u>\$ 192,000</u>

Amortization expense for the year ended December 31, 2022 was \$48,000.

5. PAYCHECK PROTECTION PROGRAM LOAN

The Foundation received a loan from Congressional Bank for \$306,757 on March 22, 2021, under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. 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 1.00% annually. The loan was forgiven in full in June 2022 and is included in the Statement of Activities for the year ended December 31, 2022.

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THE DAILY CALLER NEWS FOUNDATION
Notes to Financial Statements
For the Year Ended December 31, 2022

6. NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2022, net assets with donor restrictions were available for the following purposes:

Net Assets with Donor Restrictions – Purpose Restrictions

Journalism fellowship	\$ 610,371
Capital building	245,766
Events	206,423
American renewal	203,180
Online video journalism	159,693
Debate series	52,545
Gala	<u>34,256</u>
Total Net Assets with Donor Restrictions	<u>\$ 1,512,234</u>

7. RELATED PARTY TRANSACTIONS

The Foundation had multiple transactions with its related parties, The Daily Caller Inc., which shares board members with the Foundation and Bohio7 LLC which is owned by The Daily Caller Inc.

The Foundation rents a portion of the office space from Bohio7 LLC. On January 1, 2022, the Foundation entered into a one-year lease agreement, requiring monthly installments of \$10,417. On January 1, 2023, the lease was extended for an additional year, with monthly installments of \$15,238.

The Foundation has a cost sharing agreement with The Daily Caller Inc. to reimburse it for certain expenses incurred on behalf of the Foundation. During the year ended December 31, 2022, the Foundation reimbursed the Daily Caller Inc. for \$76,719 for liability insurance. At December 21, 2022, the Daily Caller Inc. owed the Foundation \$56,925.

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THE DAILY CALLER NEWS FOUNDATION
Notes to Financial Statements
For the Year Ended December 31, 2022

8. CONCENTRATIONS

Revenues

The majority of the Foundation's revenue and support is comprised of support from eight major donors. For the year ended December 31, 2022, support from these donors represented 58% of the Foundation's total revenue and support.

Credit Risk

The Foundation maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. As of December 31, 2022, \$2,700,306 was potentially uninsured. The Foundation 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.

9. PRIOR PERIOD ADJUSTMENT

A prior period adjustment was made to properly state rent and supplies expense in 2022 and to increase the opening balance of net assets by \$44,160. Additionally, a \$64,240 discrepancy in the opening balance of net assets was noted. This was due to duplicate transactions in accounts payables from the prior year being deleted after the conclusion of the 2021 audit. Accordingly, the Foundation's beginning net assets without donor restrictions as of January 1, 2022 was restated. The effect of the correction was to increase net assets without donor restrictions by \$108,400 from \$1,099,479 to \$1,207,879.

10. CONTRIBUTIONS OF NONFINANCIAL ASSETS

Contributions of nonfinancial assets for the year ended December 31, 2022 consisted \$20,000 of videography services provided to the Foundation from The Daily Caller, Inc.

The valuation technique and input used to arrive at a fair-value measure for the contribution of non-financial assets included the donor's cost incurred of the videography services.

Because the contribution of nonfinancial assets was utilized in the year received, all amounts are recognized as revenue and expense in the statement of activity for the year then ended. A donor-imposed restriction existed on the use of these nonfinancial assets for a Foundation event.

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THE DAILY CALLER NEWS FOUNDATION
Notes to Financial Statements
For the Year Ended December 31, 2022

11. SUBSEQUENT EVENTS

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through August 30, 2023, the date the financial statements were available for issue. There were no additional events or transactions that were discovered during the evaluation that required further disclosure.