

INSIDE CLIMATE NEWS INC.

FINANCIAL STATEMENTS

***YEARS ENDED
DECEMBER 31, 2022 AND 2021***

INSIDE CLIMATE NEWS INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Inside Climate News Inc.
New York, New York

Opinion

We have audited the accompanying financial statements of ***Inside Climate News Inc.***, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years 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 ***Inside Climate News Inc.*** as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 ***Inside Climate News Inc.*** 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.

Emphasis-of-Matter – New accounting pronouncement

As discussed in Note 1 to the financial statements the Organization has adopted FASB ASC 842, Leases. Our opinion is not modified with respect to that matter.

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 ***Inside Climate News Inc.*** 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, 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.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 *Inside Climate News Inc.* 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 *Inside Climate News Inc.* 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.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Jamestown, New York
July 17, 2023**

INSIDE CLIMATE NEWS INC.
STATEMENTS OF FINANCIAL POSITION

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As of December 31,

	2022	2021
Assets		
Current		
Cash and cash equivalents	\$ 1,593,028	\$ 1,460,826
Grants and contributions receivable, short-term	1,122,415	822,241
Prepaid expenses	29,703	27,703
Total current assets	2,745,146	2,310,770
Non-current		
Grants and contributions receivable, long-term	--	265,000
Security deposits	7,000	--
Right-of-use asset, net	46,968	--
Fixed assets, net	13,019	25,751
Total non-current assets	66,987	290,751
	\$ 2,812,133	\$ 2,601,521
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 68,373	\$ 34,228
Current portion of lease liability	40,803	--
Total current liabilities	109,176	34,228
Lease liability, net current portion	6,964	--
Total liabilities	116,140	34,228
Net assets		
Without donor restrictions	1,296,993	1,492,293
With donor restrictions	1,399,000	1,075,000
Total net assets	2,695,993	2,567,293
	\$ 2,812,133	\$ 2,601,521

See accompanying independent auditor's report and notes to financial statements.

INSIDE CLIMATE NEWS INC.
STATEMENTS OF ACTIVITIES

Years ended December 31,

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Grants and contributions	\$ 1,925,188	\$ 1,084,000	\$ 3,009,188	\$ 1,669,293	\$ 1,050,000	\$ 2,719,293
Program income	8,353	--	8,353	18,681	--	18,681
Paycheck protection program income	--	--	--	346,284	--	346,284
Investment income	13,613	--	13,613	2,793	--	2,793
Net assets released from restrictions	760,000	(760,000)	--	624,000	(624,000)	--
Total support and revenue	2,707,154	324,000	3,031,154	2,661,051	426,000	3,087,051
Expenses						
Program services	2,461,820	--	2,461,820	2,000,158	--	2,000,158
Management and general	159,274	--	159,274	131,531	--	131,531
Fundraising	281,360	--	281,360	232,992	--	232,992
Total expenses	2,902,454	--	2,902,454	2,364,681	--	2,364,681
Change in net assets	(195,300)	324,000	128,700	296,370	426,000	722,370
Net assets, beginning	1,492,293	1,075,000	2,567,293	1,195,923	649,000	1,844,923
Net assets, ending	\$ 1,296,993	\$ 1,399,000	\$ 2,695,993	\$ 1,492,293	\$ 1,075,000	\$ 2,567,293

See accompanying independent auditor's report and notes to financial statements.

INSIDE CLIMATE NEWS INC.
STATEMENTS OF FUNCTIONAL EXPENSES

Years ended December 31,	2022				2021			
	Program Services	Management and General	Fundraising	Total Expenses	Program Services	Management and General	Fundraising	Total Expenses
Salaries and fringe benefits								
Salaries	\$ 1,744,551	\$ 122,979	\$ 207,503	\$ 2,075,033	\$ 1,416,855	\$ 99,879	\$ 168,525	\$ 1,685,259
Payroll taxes and fringe benefits	269,089	18,969	32,006	320,064	258,909	18,251	30,796	307,956
Total salaries and related expenses	2,013,640	141,948	239,509	2,395,097	1,675,764	118,130	199,321	1,993,215
Other expenses								
Consultants	51,192	1,549	15,229	67,970	44,882	1,358	13,351	59,591
Occupancy	31,341	2,209	3,728	37,278	60,456	4,262	7,190	71,908
Outside writers and editors	167,266	--	--	167,266	102,410	--	--	102,410
Travel	103,157	7,272	12,270	122,699	40,038	2,822	4,763	47,623
Internet and web development	50,728	3,576	6,034	60,338	37,334	2,632	4,440	44,406
Office and miscellaneous	20,257	1,428	2,410	24,095	14,816	1,044	1,763	17,623
Insurance	7,625	537	907	9,069	8,267	583	983	9,833
Promotion	5,910	--	--	5,910	6,264	--	--	6,264
Total other expenses	437,476	16,571	40,578	494,625	314,467	12,701	32,490	359,658
Depreciation	10,704	755	1,273	12,732	9,927	700	1,181	11,808
Total expenses	\$ 2,461,820	\$ 159,274	\$ 281,360	\$ 2,902,454	\$ 2,000,158	\$ 131,531	\$ 232,992	\$ 2,364,681

See accompanying independent auditor's report and notes to financial statements.

INSIDE CLIMATE NEWS INC.
STATEMENTS OF CASH FLOWS

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<i>Years ended December 31,</i>	2022	2021
Cash flows from operating activities		
Change in net assets	\$ 128,700	\$ 722,370
Adjustments to reconcile:		
Depreciation	12,732	11,808
Adjustment to right-to-use assets and lease liabilities, net	799	--
Increase in grants and contracts receivable	(35,174)	(267,845)
Increase in prepaid expenses	(2,000)	(123)
(Increase) decrease in security deposit	(7,000)	31,478
Increase in current liabilities	34,145	8,178
	132,202	505,866
Net cash provided by operating activities		
Cash flows from investing activities		
Purchase of fixed assets	--	(8,000)
	--	(8,000)
Net cash used in investing activities		
Net change in cash	132,202	497,866
Cash and cash equivalents, beginning of year	1,460,826	962,960
Cash and cash equivalents, end of year	\$ 1,593,028	\$ 1,460,826

See accompanying independent auditor's report and notes to financial statements.

NOTE 1 - ORGANIZATION

Nature of Business

Inside Climate News Inc. is an organization exempt from federal income tax under Section 501(c)(3). On May 7, 2020 the Internal Revenue Service terminated its private foundation status and retroactively, as of January 1, 2015, reclassified the Organization as a public charity not a private foundation but an exempt organization from federal income tax under Section 501(c)3 of the Code.

Inside Climate News Inc. is a non-partisan on-line news publication devoted to clean energy, carbon energy, nuclear energy, and environmental science. The project helps Inside Climate News Inc. fulfill its stated mission statement "to create and commission articles, book, reports and studies on climate change – its causes and consequences, proposed solutions and obstacles – and the dissemination of such works through traditional and new media, including printed matter, broadcasting, internet, multi-platform devices and other media forms."

Inside Climate News Inc.'s original journalism is published daily, and includes breaking news, headline aggregations, features and in-depth investigations. It is staffed by professional journalists, many with decades of experience, and has won dozens of awards for its work, including a Pulitzer Prize for National Reporting. Inside Climate News Inc. helps to fill a growing national deficiency in environmental journalism, which has been disproportionately affected by the financial challenges facing the media industry and works to contribute to accurate public understanding for citizens on vital issues, crucial to the proper functioning of democracy.

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES

The financial statements of Inside Climate News Inc. have been prepared on the accrual basis of accounting in accordance with accounting standards generally accepted in the United States of America. The significant accounting policies are described below.

Basis of Presentation

Inside Climate News Inc.'s financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards Codification Topic No. 958, *Not-for-Profit Entities*. Under Topic 958, Inside Climate News Inc. is required to report information regarding its statements of financial position and activities according to two classes of net assets:

Net Assets Without Donor Restriction - net assets that are not subject to or no longer subject to donor-imposed stipulations.

Net Assets With Donor Restriction - net assets whose use is limited by donor-imposed time and/or purpose restrictions.

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Liquidity and Availability of Financial Resources

Inside Climate News Inc. regularly monitors liquidity to meet its cash flow requirements and operating needs. The availability of financial assets is primarily affected by management designation, the nature of the underlying assets, external limitations exposed by donors or contracts with others.

Cash and Cash Equivalents

Inside Climate News Inc. considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Grants and Contributions

Inside Climate News Inc. records contributions and grants when an unconditional promise to give such assets is received from a donor. Contributions and grants are recorded at the fair market value of the assets received and are classified as either net assets without donor restriction, or net assets with donor restrictions, depending on whether the donor has imposed a restriction on the use of such asset.

Contributions received are recorded as an increase in net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions.

When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net asset with donor restriction are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Inside Climate News Inc. classifies donor contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

Contributions and grants that are expected to be collected in future years are recorded at their present value of their estimated future cash flows, if material.

Fixed Assets and Depreciation

Inside Climate News Inc. capitalizes property and equipment with a cost or fair value exceeding \$1,000 and a useful life of more than one year. Depreciation of computers, software and video equipment is provided on the straight-line method over the expected useful lives of the assets which management estimates to be five years. Cost exceeding \$1,000 which are incurred to develop applications, infrastructure, and graphics are capitalized. Amortization is computed using a straight line depreciation method over the estimated useful life of the site, ranging from three to five years.

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES
(CONTINUED)

Functional Expense Allocations

The cost of providing the various programs and other activities of Inside Climate News Inc. have been summarized on a functional basis in the accompanying statements of activities and functional expenses. Accordingly, certain cost have been allocated among the programs and supporting service benefited.

Such allocations are determined by management in accordance with grant provisions and/or other equitable basis. The salary of the executive director is allocated based on estimated time spent for each function.

Income Taxes

Inside Climate News Inc. follows the guidance of Accounting Standards Codification ("ASC") 740 "Income Taxes." ASC 740, which requires that a tax position be recognized or derecognized based on a "more than likely than not" threshold.

This applies to positions taken or expected to be taken in a tax return. The guidance did not have an impact on Inside Climate News Inc.'s financial statements, as management believes that there are no uncertain tax positions within its financial statements. Inside Climate News Inc. is subject to federal and state income tax on unrelated business taxable income. Inside Climate News Inc. has concluded that as of December 31, 2022 and 2021 there are no uncertain tax provisions taken or expected to be taken that would require recognition of a tax liability in its financial statements.

Federal and state income tax returns that remain open for examination by taxing authorities include 2019 and later years.

Paycheck Protection Program Income

Inside Climate News Inc. elected to treat the PPP loan as a contribution under ASC 958-605 (see note 9). As such the Inside Climate News Inc. recognizes contribution/grant income as qualifying expenses are incurred and as the conditions of the program have been substantially met.

Advertising and Promotion

Inside Climate News Inc. policy is to expense all advertising and promotion costs when incurred which totaled \$5,910 and \$6,264 during the years ended December 31, 2022 and 2021, respectively.

Reclassifications

Certain prior year amounts have been reclassified to conform with current year presentation.

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES
(CONTINUED)

Concentrations of Credit Risk

Financial instruments that potentially subject Inside Climate News Inc. to concentrations of credit risk consist primarily of cash and cash equivalents. Inside Climate News Inc. maintains cash balances in one financial institution that, at times, may exceed federally insured limits. Inside Climate News Inc.'s cash accounts are placed with a high credit quality financial institution. Inside Climate News Inc. has not experienced, nor does it anticipate, any losses in such accounts. Inside Climate News Inc.'s cash equivalents consist of US Treasury Bills which have a fair market value of \$248,758 and \$247,672 at December 31, 2022 and mature on February 16, 2023 and March 23, 2023, respectively. Each Treasury Bill carries a par value of \$250,000. Inside Climate News Inc. has implemented a plan to invest funds in excess of near term operating expenses in US Treasury Bills. At December 31, 2022 and 2021 Inside Climate News Inc. maintained cash balances in excess of the Federal Deposit Insurance Corporation limit by \$841,629 and \$1,199,152, respectively.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, 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.

Adoption of FASB ASC 842

Effective January 1, 2022, the Company adopted FASB ASC 842, Leases. The new standard establishes a right of use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the statements of financial position for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities. Leases with a term of less than 12 months will not record a right of use asset and lease liability and the payments will be recognized into profit or loss on a straight-line basis over the lease term.

The Company elected to adopt FASB ASC 842, Leases, using the optional transition method that allows the Company to initially apply the new lease standard at the adoption date. As a result, the Company reporting for the comparative period presented in the financial statements is in accordance with FASB ASC 840.

INSIDE CLIMATE NEWS INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 3 – FAIR VALUE MEASUREMENTS

Inside Climate News Inc.'s cash equivalents which consist of US Treasury Bills are reported at fair value in the accompanying statements of financial position. FASB ASC 820-10-50, Fair Value Measurements, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of unadjusted quoted prices in active markets and have the highest priority. Level 2 inputs consist of quoted prices in active markets for similar assets or liabilities or quoted prices in inactive markets for identical or similar assets or liabilities. Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement and have the lowest priority. When available, Inside Climate News Inc. measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 and Level 3 inputs are only used when Level 1 inputs are not available. Inside Climate News Inc.'s US Treasury Bills are valued using Level 1 inputs.

NOTE 4 – GRANTS AND CONTRIBUTIONS RECEIVABLE

Grant and contributions receivable at December 31, 2022 and 2021 consisted of current and multiyear promises to give which are collectible as follows:

	<u>2022</u>	<u>2021</u>
Due within one year	\$ 1,122,415	\$ 822,241
Due in one to five years	--	265,000
Total	<u>\$ 1,122,415</u>	<u>\$ 1,087,241</u>

NOTE 5 – FIXED ASSETS

A summary of fixed assets is as follows as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Computer	\$ 2,937	\$ 2,937
Video equipment	7,612	7,612
Website	36,486	36,486
Software	12,800	12,800
	59,835	59,835
Less accumulated depreciation	<u>(46,816)</u>	<u>(34,084)</u>
Net	<u>\$ 13,019</u>	<u>\$ 25,751</u>

Depreciation expense for the years ended December 31, 2022 and 2021 amounted to \$12,732 and \$11,808, respectively.

NOTE 6 – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The following reflects Inside Climate News Inc.'s financial assets as of the statements of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statements of financial position date. The primary sources of support are contributions. The majority of that support is general support with no restrictions imposed.

A summary of financial assets, available to meet cash needs for general expenditures within one year as of December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,593,028	\$ 1,460,826
Grants and contributions receivable	1,122,415	1,087,241
	2,715,443	2,548,067
Less: Donor restricted funds	<u>(1,399,000)</u>	<u>(1,075,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,316,443</u>	<u>\$ 1,473,067</u>

Inside Climate News Inc.'s objective is to maintain both liquid financial assets without restrictions and donor restricted funds sufficient to cover approximately twelve months of program expenses. Inside Climate News Inc. can adjust the timing of disbursements when necessary. Donor-restricted funds are available for expenditures upon satisfaction of the restriction and the expected timing.

INSIDE CLIMATE NEWS INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net Asset with donor restriction are available for the following purposed at

	December 31, 2021	Contributions	Net Assets Released from Restriction	Total at December 31, 2022
December 31, 2022				
Time/purpose restriction	\$ 1,075,000	\$ 1,084,000	\$ (760,000)	\$ 1,399,000
	December 31, 2020	Contributions	Net Assets Released from Restriction	Total at December 31, 2021
December 31, 2021				
Time/purpose restriction	\$ 649,000	\$ 1,050,000	\$ (624,000)	\$ 1,075,000

NOTE 8 – RIGHT OF USE ASSETS AND LEASES

Inside Climate News Inc. determines whether a contract is a lease at inception. Identified leases are subsequently measured, classified and recognized at lease commencement. A right-of-use asset and lease liability is included in the Statements of Financial Position. Leased assets represent Inside Climate News Inc.'s right to use an underlying asset for the lease term and lease liabilities represent their obligation to make lease payments arising from the lease.

The operating right-of-use asset and associated lease liability is recognized based on the present value of future minimum lease payments to be made over the expected lease term, using the risk-free discount rate at year end in determining the present value of future payments.

On June 9, 2016 Inside Climate News Inc. executed a five-year lease beginning October 1, 2016 and expired on September 31, 2021. Total rent expense incurred during the year ended December 31, 2021 was \$71,048. Inside Climate News Inc. executed a two-year lease beginning March 1, 2022. The lease calls for monthly payments of \$3,500 and expires on February 28, 2024. The lease agreement does not contain any renewal options.

The following are the present value of lease payments:

Year ending December 31,

2023	\$ 42,000
2024	7,000
Total minimum lease payments	49,000
Less: amount representing interest	(1,233)
Present value of lease payments	<u>\$ 47,767</u>

NOTE 9 – PAYCHECK PROTECTION PROGRAM LOANS

The PPP loan program was established by the Coronavirus Aid, Relief and Economic Security (Cares) Act, which was signed into law March 27, 2020 and designed to support small businesses and not-for-profit organizations during the pandemic. PPP loans may be fully or partially forgiven by application to the SBA if proceeds are expended based on federal guidelines.

PPP round 2

On February 9, 2021, Inside Climate News Inc. applied and received a second draw Paycheck Protection Program ("PPP") loan in the amount of \$346,284. Inside Climate News Inc. substantially met the provisions of the loan program during 2021 and as such recorded revenue in the accompanying statements of activities. On November 8, 2021 Inside Climate News Inc. received notification that the PPP loan was fully forgiven by the Small Business Administration.

NOTE 10 – SUBSEQUENT EVENTS

Inside Climate News Inc. evaluated its December 31, 2022 financial statements for subsequent events through July 17, 2023, the date the financial statements were available to be issued. Inside Climate News Inc. is not aware of any subsequent events which would require recognition or disclosure in the financial statements.