

Muckrock Foundation, Inc.

**Financial Statements
As of and for the Year Ended
December 31, 2023**

Muckrock Foundation, Inc.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
MuckRock Foundation, Inc.
Boston, Massachusetts

We have audited the accompanying financial statements of Muckrock Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023 and the related statements of activities and change in net assets, 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 Muckrock Foundation, Inc. as of December 31, 2023, 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 Muckrock Foundation, 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.

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 Muckrock Foundation Inc.'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 Responsibility 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 Muckrock Foundation Inc.'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 Muckrock Foundation Inc.'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.

Report on Summarized Comparative Information

We have previously audited Muckrock Foundation, Inc.'s financial statements as of and for the year ended December 31, 2022, and we expressed an unqualified opinion on those audited financial statements in our report dated July 27, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statement from which they were derived.

Damiano, Burk & Nuttall, P.C.

Damiano, Burk & Nuttall, P.C.
Lincoln, Rhode Island
June 21, 2024

Muckrock Foundation, Inc.

**Statement of Financial Position
December 31, 2023
(With Comparative Totals for 2022)**

	2023	2022
ASSETS		
Current assets:		
Cash	\$ 357,248	\$ 444,598
Restricted cash	2,262,034	1,085,763
Grants receivable	-	535,000
Prepaid expenses	29,361	24,214
TOTAL CURRENT ASSETS	2,648,643	2,089,575
Property and equipment:		
Furniture and equipment	25,144	25,144
Less accumulated depreciation	(20,444)	(15,807)
PROPERTY AND EQUIPMENT, NET	4,700	9,337
TOTAL ASSETS	\$ 2,653,343	\$ 2,098,912
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 10,428	\$ 6,375
Accrued salaries and payroll taxes	80,004	74,610
TOTAL LIABILITIES	90,432	80,985
Net assets:		
Without donor restrictions	300,877	932,164
With donor restrictions	2,262,034	1,085,763
TOTAL NET ASSETS	2,562,911	2,017,927
TOTAL LIABILITIES AND NET ASSETS	\$ 2,653,343	\$ 2,098,912

The accompanying notes are an integral part of these financial statements

Muckrock Foundation, Inc.

**Statement of Activities and Change in Net Assets
For the Year Ended December 31, 2023
(With Comparative Totals for 2022)**

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue and support:				
Contributions	\$ 72,575	\$ 88,786	\$ 161,361	\$ 280,278
Grants	445,012	3,214,874	3,659,886	3,070,273
Reporting projects and memberships	155,804	-	155,804	165,320
Consulting revenue	2,000	-	2,000	-
Other income	33,122	-	33,122	91
Net assets released from restrictions	2,127,389	(2,127,389)	-	-
TOTAL REVENUE AND SUPPORT	2,835,902	1,176,271	4,012,173	3,515,962
Expenses				
Program expenses	3,323,865	-	3,323,865	3,370,942
Supporting services	143,324	-	143,324	47,568
TOTAL EXPENSES	3,467,189	-	3,467,189	3,418,510
CHANGE IN NET ASSETS	(631,287)	1,176,271	544,984	97,452
Net assets, beginning of year	932,164	1,085,763	2,017,927	1,920,475
NET ASSETS, END OF YEAR	\$ 300,877	\$ 2,262,034	\$ 2,562,911	\$ 2,017,927

The accompanying notes are an integral part of these financial statements

Muckrock Foundation, Inc.

**Statement of Functional Expenses
For the Year Ended December 31, 2023
(With Comparative Totals for 2022)**

	2023		2022	
	Program Expenses	Supporting Services	Total	Total
Payroll and related:				
Salaries and wages	\$ 1,827,282	\$ -	\$ 1,827,282	\$ 1,718,290
Payroll taxes and benefits	424,912	-	424,912	369,763
Contract labor	165,254	-	165,254	669,304
TOTAL PAYROLL AND RELATED	2,417,448	-	2,417,448	2,757,357
Other expenses:				
Office expenses	41,372	7,514	48,886	75,542
Telephone and internet	36	-	36	16,529
Software subscriptions	80,449	22,029	102,478	76,977
Hosting services	267,466	-	267,466	161,193
Fiscal sponsorship fees	213,494	-	213,494	99,211
FOI fees	51,925	-	51,925	32,386
Occupancy costs	13,575	-	13,575	66
Travel	52,522	27,544	80,066	74,226
Professional fees	158,006	58,126	216,132	16,758
Insurance	14,941	23,474	38,415	23,693
Advertising	12,631	-	12,631	7,417
Depreciation	-	4,637	4,637	4,500
Grants and contributions paid	-	-	-	72,655
TOTAL OTHER EXPENSES	906,417	143,324	1,049,741	661,153
TOTAL EXPENSES	\$ 3,323,865	\$ 143,324	\$ 3,467,189	\$ 3,418,510

The accompanying notes are an integral part of these financial statements

Muckrock Foundation, Inc.

**Statement of Cash Flows
For the Year Ended December 31, 2023
(With Comparative Totals for 2022)**

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 544,984	\$ 97,452
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	4,637	4,500
Changes in operating assets and liabilities		
Accounts receivable	-	12,500
Grants receivable	535,000	(535,000)
Prepaid expenses	(5,147)	(12,298)
Accounts payable and accrued expenses	4,053	6,031
Accrued salaries and payroll taxes	5,394	(2,593)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	1,088,921	(429,408)
Cash flows from investing activities:		
Purchases of property and equipment	-	(4,996)
NET CASH USED IN INVESTING ACTIVITIES	-	(4,996)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,088,921	(434,404)
Cash and restricted cash, beginning	1,530,361	1,964,765
CASH AND RESTRICTED CASH, ENDING	\$ 2,619,282	\$ 1,530,361

The accompanying notes are an integral part of these financial statements

Muckrock Foundation, Inc.

Notes to the Financial Statements As of and for the Year Ended December 31, 2023

1. ORGANIZATION

MuckRock Foundation, Inc. (the "Foundation") is a national non-profit organization and collaborative news site that brings together journalists, researchers, activists, and ordinary citizens to request, analyze, and share government documents, thereby making politics more transparent and democracies more informed.

The Foundation provides a repository of hundreds of thousands of pages of original government materials, information on how to file requests, and tools to make the requesting process easier. In addition, Foundation staff and outside contributors use these source documents received through the Foundation's website to create original investigative reporting and analysis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis in accordance with U.S. GAAP.

Basis of Presentation

The financial statements are prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP 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.

Revenue Recognition

Contributions to the Foundation are recorded either as with or without donor restrictions depending on the existence and/or nature of any donor-imposed restrictions. In-kind contributions of property, goods and/or professional services received are recognized at their respective fair values at the date the contribution was made.

All donor-restricted support is reported as an increase to net assets with donor restrictions depending on the nature of the restriction. When a restriction expires (either when a stipulated time restriction elapses or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and change in net assets as net assets released from restriction.

The Foundation recognizes fees for services and contract revenues when such services have been rendered and/or contractual obligations have been met.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments, such as money markets and treasury bills, with maturities of six months or less to be cash equivalents.

Muckrock Foundation, Inc.

Notes to the Financial Statements As of and for the Year Ended December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and Accounts Receivable

The Foundation reports grants and accounts receivable at net realizable value. The Foundation does not accrue interest on past-due receivable balances. Balances are considered past-due if not received within the stated terms. An allowance for uncollectible accounts is recorded based on historical collection experience and specific circumstances with respect to outstanding balances. There were no outstanding grants or accounts receivable outstanding at December 31, 2023.

Property and Equipment

Property and equipment are stated at cost if purchased or fair value if donated, less accumulated depreciation. All expenditures for property and equipment in excess of \$1,000 are capitalized. Maintenance and minor repairs are charged to operations in the period incurred. When assets are retired or sold, the related costs and accumulated depreciation are removed and any gain or loss from the disposition are reflected as a change in net assets without donor restrictions.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The Foundation's property and equipment consists solely of computer equipment which management estimates has a useful life of three years.

Income Taxes

The Foundation is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code and is not considered a private foundation.

Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Foundation has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. Management believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect to the Foundation's financial condition, results of operations, or cash flows. Accordingly, the Foundation has not recorded any reserves or related accruals for penalties and interest for uncertain income tax positions at December 31, 2023. If the Foundation were to incur interest and penalties related to tax positions, they would be reflected as income taxes in the statement of activities and changes in net assets.

3. CASH AND RESTRICTED CASH

For purposes of the statement of cash flows, the Foundation presents changes in cash and restricted cash balances during the year. Cash and restricted cash balances include the following amounts presented in the statement of financial position:

	<u>2023</u>	<u>2022</u>
Cash	\$ 357,248	\$ 444,598
Restricted cash	<u>2,262,034</u>	<u>1,085,763</u>
TOTAL CASH AND RESTRICTED CASH	<u><u>\$ 2,619,282</u></u>	<u><u>\$ 1,530,361</u></u>

Muckrock Foundation, Inc.

Notes to the Financial Statements As of and for the Year Ended December 31, 2023

4. NET ASSETS

Net assets with donor restrictions comprise the following grants restricted for the following programs:

	<u>2023</u>	<u>2022</u>
MLK50	\$ 2,262,034	\$ 1,040,674
Outlier Media	-	45,089
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 2,262,034</u>	<u>\$ 1,085,763</u>

The Foundation is a party to several fiscal sponsorship agreements. Those agreements provide that the Foundation will carry out activities consistent with the Foundation's goals, the purpose of the fiscal sponsorship, and donor-imposed restrictions. Management has determined that the agreements provide sufficient variance power over the Foundation's expenditure of those funds and, accordingly, grants related to the fiscal sponsorships, as well as related expenses, are included in the financial statements of the Foundation as restricted net assets until utilized for their intended purpose.

5. CONCENTRATIONS

The Foundation received \$3,788,779 of revenue (94% of total revenue and support) from five donors during the year ended December 31, 2023. The Foundation received \$1,985,000 of revenue (56% of total revenue and support) from five donors during the year ended December 31, 2022.

6. RETIREMENT PLAN

The Foundation maintains a 401(k) plan for employees who meet the eligibility criteria to participate. The Foundation contributions to the plan for the years ended December 31, 2023 and 2022 were \$67,045 and \$63,250, respectively.

7. COMMITMENTS

The Foundation operates from its main facility under a tenant-at-will arrangement that began on April 1, 2023, with the option to terminate at any time upon providing reasonable notice. For the year ended December 31, 2023, the Foundation recognized occupancy expense of \$13,575 related to this agreement, which is included in occupancy costs in the statement of activities.

8. LIQUIDITY AND FINANCIAL RESOURCES

The Foundation has financial assets of approximately \$2,620,000, comprising cash and restricted cash, as of December 31, 2023 which are available to meet cash needs for general expenditure within one year. As part of the Foundation's liquidity management, cash may be held in traditional bank accounts, money market accounts, or other highly liquid investment as the Board of Directors and management deem appropriate.

9. RECLASSIFICATION

Certain amounts in the financial statements as of and for the year ended December 31, 2022 have been reclassified to conform with the current period presentation. Such reclassification had no effect on previously reported changes in net assets.

Muckrock Foundation, Inc.

Notes to the Financial Statements As of and for the Year Ended December 31, 2023

10. SUBSEQUENT EVENTS

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Foundation through June 21, 2024 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.