

LOST LIGHT PROJECTS, INC.
(DBA INSIDECLIMATE NEWS)

FINANCIAL STATEMENTS

YEARS ENDED
DECEMBER 31, 2021 AND 2020

**LOST LIGHT PROJECTS, INC.
(DBA INSIDECLIMATE NEWS)**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Lost Light Projects, Inc.
(dba InsideClimate News)
New York, New York

Opinion

We have audited the accompanying financial statements of ***Lost Light Projects, Inc. dba InsideClimate News***, 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 years then ended, and the related notes to the financial statements.

In our opinion, the 2021 financial statements referred to above present fairly, in all material respects, the financial position of ***Lost Light Projects, Inc. dba InsideClimate News*** 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ***Lost Light Projects, Inc. dba InsideClimate News*** 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.

Prior Period Financial Statements

The financial statements of ***Lost Light Projects, Inc. dba InsideClimate News*** as of December 31, 2020 were audited by other auditors whose report dated September 9, 2021 expressed an unmodified opinion on those statements.

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 ***Lost Light Projects, Inc. dba InsideClimate News'*** 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 **Lost Light Projects, Inc. dba InsideClimate News'** 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 **Lost Light Projects, Inc. dba InsideClimate News'** 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
June 16, 2022**

LOST LIGHT PROJECTS, INC.
(dba INSIDECLIMATE NEWS)
STATEMENTS OF FINANCIAL POSITION

<i>As of December 31,</i>	2021	2020
Assets		
Current		
Cash	\$ 1,460,826	\$ 962,960
Grants and contributions receivable, short-term	822,241	794,396
Prepaid expenses	27,703	27,579
Total current assets	2,310,770	1,784,935
Grants and contributions receivable, long-term	265,000	25,000
Security deposits	--	31,478
Fixed assets, net	25,751	29,560
	\$ 2,601,521	\$ 1,870,973
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	34,228	26,050
Total current liabilities	34,228	26,050
Net assets		
Without donor restrictions	1,492,293	1,195,923
With donor restrictions	1,075,000	649,000
Total net assets	2,567,293	1,844,923
	\$ 2,601,521	\$ 1,870,973

LOST LIGHT PROJECTS, INC.
(dba INSIDECLIMATE NEWS)
STATEMENTS OF ACTIVITIES

Years ended December 31,

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Grants and contributions	\$ 1,669,293	\$ 1,050,000	\$ 2,719,293	\$ 1,365,566	\$ 499,000	\$ 1,864,566
Program income	18,681	--	18,681	2,834	--	2,834
Paycheck protection program income	346,284	--	346,284	364,634	--	364,634
Investment income	2,793	--	2,793	6,712	--	6,712
Net assets released from restrictions	624,000	(624,000)	--	382,500	(382,500)	--
Total support and revenue	2,661,051	426,000	3,087,051	2,122,246	116,500	2,238,746
Expenses						
Program services	2,000,158	--	2,000,158	1,917,153	--	1,917,153
Management and general	131,531	--	131,531	83,285	--	83,285
Fundraising	232,992	--	232,992	276,695	--	276,695
Total expenses	2,364,681	--	2,364,681	2,277,133	--	2,277,133
Change in net assets	296,370	426,000	722,370	(154,887)	116,500	(38,387)
Net assets, beginning	1,195,923	649,000	1,844,923	1,350,810	532,500	1,883,310
Net assets, ending	\$ 1,492,293	\$ 1,075,000	\$ 2,567,293	\$ 1,195,923	\$ 649,000	\$ 1,844,923

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

LOST LIGHT PROJECTS, INC.
(dba INSIDECLIMATE NEWS)
STATEMENTS OF FUNCTIONAL EXPENSES

Years ended December 31,	2021				2020			
	Program Services	Management and General	Fundraising	Total Expenses	Program Services	Management and General	Fundraising	Total Expenses
Salaries and fringe benefits								
Salaries	\$ 1,416,855	\$ 99,879	\$ 168,525	\$ 1,685,259	\$ 1,365,471	\$ 62,655	\$ 196,015	\$ 1,624,141
Payroll taxes and fringe benefits	258,909	18,251	30,796	307,956	235,511	10,807	33,808	280,126
Total salaries and related expenses	1,675,764	118,130	199,321	1,993,215	1,600,982	73,462	229,823	1,904,267
Other expenses								
Consultants	44,882	1,358	13,351	59,591	79,537	2,406	23,661	105,604
Occupancy	60,456	4,262	7,190	71,908	81,398	3,734	11,685	96,817
Outside writers and editors	102,410	--	--	102,410	66,748	--	--	66,748
Travel	40,038	2,822	4,763	47,623	24,345	1,117	3,494	28,956
Internet and web development	37,334	2,632	4,440	44,406	33,453	1,535	4,802	39,790
Office and miscellaneous	14,816	1,044	1,763	17,623	13,113	601	1,882	15,596
Insurance	8,267	583	983	9,833	7,840	359	1,126	9,325
Promotion	6,264	--	--	6,264	8,188	--	--	8,188
Total other expenses	314,467	12,701	32,490	359,658	314,622	9,752	46,650	371,024
Depreciation	9,927	700	1,181	11,808	1,549	71	222	1,842
Total expenses	\$ 2,000,158	\$ 131,531	\$ 232,992	\$ 2,364,681	\$ 1,917,153	\$ 83,285	\$ 276,695	\$ 2,277,133

LOST LIGHT PROJECTS, INC.
(dba INSIDECLIMATE NEWS)
STATEMENTS OF CASH FLOWS

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<i>Years ended December 31,</i>	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 722,370	\$ (38,387)
Adjustments to reconcile:		
Depreciation	11,808	1,842
Increase in grants and contracts receivable	(267,845)	(366,301)
(Increase) decrease in prepaid expenses	(123)	4,465
Decrease in security deposit	31,478	--
Increase (decrease) in current liabilities	8,178	(7,317)
	505,866	(405,698)
Cash flows from investing activities		
Purchase of fixed assets	(8,000)	(28,486)
	(8,000)	(28,486)
Net change in cash	497,866	(434,184)
Cash, beginning of year	962,960	1,397,144
Cash, end of year	\$ 1,460,826	\$ 962,960

LOST LIGHT PROJECTS, INC. (DBA INSIDECLIMATE NEWS)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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NOTE 1 - ORGANIZATION

Nature of Business

Lost Light Projects, Inc. (dba InsideClimate News) "InsideClimate News" 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.

InsideClimate News is a non-partisan on-line news publication devoted to clean energy, carbon energy, nuclear energy, and environmental science. The project helps InsideClimate News 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."

InsideClimate News's original journalism is published daily, and includes breaking news, headline aggregations, features and in-depth investigations. It is staffed by professional journalist, many with decades of experience, has won dozens of awards for its work, including a Pulitzer Prize for National Reporting. InsideClimate News 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 InsideClimate News 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

InsideClimate News' 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, InsideClimate News 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

InsideClimate News 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

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

Grants and Contributions

InsideClimate News 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.

InsideClimate News 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

InsideClimate News 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.

LOST LIGHT PROJECTS, INC. (DBA INSIDECLIMATE NEWS)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES
(CONTINUED)

Functional Expense Allocations

The cost of providing the various programs and other activities of InsideClimate News 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

InsideClimate News 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 InsideClimate News' financial statements, as management believes that there are no uncertain tax positions within its financial statements. InsideClimate News is subject to federal and state income tax on unrelated business taxable income. InsideClimate News has concluded that as of December 31, 2021 and 2020 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 2018 and later years.

Paycheck Protection Program Income

InsideClimate News elected to treat the PPP loan as a contribution under ASC 958-605 (see note 7). As such the InsideClimate News recognizes contribution/grant income as qualifying expenses are incurred and as the conditions of the program have been substantially met.

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES
(CONTINUED)

Advertising and Promotion

InsideClimate News policy is to expense all advertising and promotion costs when incurred which totaled \$6,264 and \$8,188 during the years ended December 31, 2021 and 2020, respectively.

Concentrations of Credit Risk

Financial instruments that potentially subject InsideClimate News to concentrations of credit risk consist primarily of cash and cash equivalents. InsideClimate News maintains cash and cash equivalent balances in one financial institution that, at times, may exceed federally insured limits. InsideClimate News's cash accounts are placed with a high credit quality financial institution. InsideClimate News has not experienced, nor does it anticipate, any losses in such accounts. At December 31, 2021 and 2020 InsideClimate News maintained cash balances in excess of the Federal Deposit Insurance Corporation limit by \$1,199,152 and \$734,116 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.

Reclassifications

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

NOTE 3 - GRANTS AND CONTRIBUTIONS RECEIVABLE

Grant and contributions receivable at December 31, 2021 and 2020 consisted of current and multiyear promises to give which are collectible as follows:

	<u>2021</u>		<u>2020</u>
Due within one year	\$ 822,241	\$	794,396
Due in one to five years	265,000		25,000
Total	<u>\$ 1,087,241</u>	<u>\$</u>	<u>819,396</u>

LOST LIGHT PROJECTS, INC. (DBA INSIDECLIMATE NEWS)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 4 – FIXED ASSETS

A summary of fixed assets is as follows as of December 31, 2021 and 2020:

	<u>2021</u>		<u>2020</u>
Computer	\$ 2,937	\$	2,937
Video equipment	7,612		7,612
Website	36,486		28,486
Total	<u>12,800</u>		<u>12,800</u>
	59,835		51,835
Less accumulated depreciation	<u>(34,084)</u>		<u>(22,275)</u>
Net	<u>\$ 25,751</u>	\$	<u>29,560</u>

Depreciation expense for the year ended December 31, 2021 and 2020 amounted to \$11,808 and \$1,842 respectively.

NOTE 5 – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The following reflects InsideClimate News’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. Most 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, 2021 and 2020 is as follows:

	<u>2021</u>		<u>2020</u>
Cash and cash equivalents	\$ 1,460,826	\$	962,960
Grants and contributions receivable	<u>1,087,241</u>		<u>819,396</u>
	2,548,067		1,782,356
Less: Donor restricted funds	<u>(1,075,000)</u>		<u>(649,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,473,067</u>	\$	<u>1,133,356</u>

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

NOTE 6 - OPERATING LEASE COMMITMENT

On June 9, 2016 InsideClimate News executed a five-year lease beginning October 1, 2016 and expired on September 31, 2021. Total rent expense incurred during the years ended December 31, 2021 and 2020 was \$71,048 and \$96,817.

Subsequent to year end, InsideClimate News executed a two-year lease beginning March 1, 2022. The lease calls for monthly payments of \$3,500 and expires on February 28, 2024.

NOTE 7 – 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 1

On April 29, 2020, InsideClimate News applied and received a Paycheck Protection Program (“PPP”) loan in the amount of \$364,634. InsideClimate News substantially met the provisions of the loan program during 2020 and as such recorded revenue in the accompanying statements of activities. On February 17, 2021 InsideClimate News received notification that the PPP loan was fully forgiven by the Small Business Administration.

PPP round 2

On February 9, 2021, InsideClimate News applied and received a second draw Paycheck Protection Program (“PPP”) loan in the amount of \$346,284. InsideClimate News 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 InsideClimate News received notification that the PPP loan was fully forgiven by the Small Business Administration.

LOST LIGHT PROJECTS, INC. (DBA INSIDECLIMATE NEWS)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

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

	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
	December 31, 2019	Contributions	Net Assets Released from Restriction	Total at December 31, 2020
December 31, 2020				
Time/purpose restriction	\$ 532,500	\$ 499,000	\$ (382,500)	\$ 649,000

NOTE 9 – COVID-19 PANDEMIC

In March 2020, the outbreak of COVID-19 caused by a novel strain of the coronavirus has been recognized as a pandemic by the World Health Organization, and the outbreak has become increasingly widespread in the United States. The COVID-19 outbreak has had a notable impact on general economic conditions, including but not limited to the temporary closures of many businesses, “shelter in place” and other governmental regulations, and reduced consumer spending due to both job losses and other effects attributable to the pandemic. Due to the high degree of uncertainty the financial impact on operations cannot be reasonably estimated at this time.

NOTE 10 – SUBSEQUENT EVENTS

InsideClimate News evaluated its December 31, 2021 financial statements for subsequent events through June 16, 2022, the date the financial statements were available to be issues. InsideClimate News is not aware of any subsequent events which would require recognition or disclosure in the financial statements.