

GUARDIAN.ORG FOUNDATION

AUDITED FINANCIAL STATEMENTS

Year Ended March 31, 2017

GUARDIAN.ORG FOUNDATION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Guardian.Org Foundation

We have audited the accompanying financial statements of Guardian.org Foundation (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of March 31, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Guardian.org Foundation, as of March 31, 2017, 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.

UHY LLP

New York, New York
October 25, 2017

FINANCIAL STATEMENTS

GUARDIAN.ORG FOUNDATION
STATEMENT OF FINANCIAL POSITION
March 31, 2017

ASSETS

CURRENT ASSETS

| | |
|----------------------|-----------------|
| Cash | <u>\$ 1,166</u> |
| Total current assets | <u>1,166</u> |

NET ASSETS

| | |
|-------------------------|-----------------|
| Unrestricted net assets | <u>1,166</u> |
| | <u>\$ 1,166</u> |

GUARDIAN.ORG FOUNDATION

STATEMENT OF ACTIVITIES

Year Ended March 31, 2017

SUPPORT AND REVENUE

| | | |
|---------------------------|----|----------------|
| Grant | \$ | 550,000 |
| Individual contributions | | 2,000 |
| Contributions in Kind | | <u>41,000</u> |
| Total support and revenue | | <u>593,000</u> |

FUNCTIONAL EXPENSES

| | | |
|---------------------------|--|----------------|
| Program expenses | | 550,000 |
| Administrative expenses | | <u>41,834</u> |
| Total functional expenses | | <u>591,834</u> |

CHANGE IN NET ASSETS

1,166

NET ASSETS, Beginning

-

NET ASSETS, Ending

\$ 1,166

GUARDIAN.ORG FOUNDATION
STATEMENT OF CASH FLOWS
Year Ended March 31, 2017

OPERATING ACTIVITIES

| | |
|---|-----------------|
| Change in net assets | <u>\$ 1,166</u> |
| Net cash provided by operating activities | <u>1,166</u> |
| NET INCREASE IN CASH | 1,166 |
| CASH, Beginning | <u>-</u> |
| CASH, End | <u>\$ 1,166</u> |

GUARDIAN.ORG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 1 — ORGANIZATION

Guardian.Org Foundation (the "Organization"), incorporated on January 26, 2016, is a not-for-profit corporation organized under the Not-For-Profit Corporation Law of the State of Delaware, and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is organized and operated to educate, advance, and inform public disclosure and citizen participation around the most pressing issues of the time through the support and advancement of independent journalism.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and income, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets: Net assets that are not subject to donor-imposed restrictions. None of the Organization's net assets are subject to donor-imposed restrictions. Accordingly, all net assets are accounted for as unrestricted net assets.

Cash and Cash Equivalents

Cash and cash equivalents includes investments in highly liquid investments with original maturities of three months or less. The Organization maintains cash balances in one financial institution. At times during the year balances may exceed Federal Deposit Insurance Corporation ("FDIC") insurance limits. The balance as of March 31, 2017 was fully covered by FDIC.

Contributed Services

The Organization records contributions and corresponding expenses for donated salaries, professional expenses. The amount recorded is the estimated fair value of the donated expenses. For the year ended March 31, 2017, the Organization recorded contributions received in kind totaling \$41,000.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. Conditional promises to give, which depend on the occurrence of a specified future and uncertain event to bind the promisor, are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional. Grant revenue is recognized as earned.

GUARDIAN.ORG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status

The Organization is exempt from taxation under Code Section 501(c)(3) of the Internal Revenue Code. The Organization follows guidance issued by the Financial Accounting Standards Board ("FASB") regarding accounting for uncertainty in income taxes. This guidance clarifies the accounting for income taxes by prescribing the minimum recognition threshold an income tax position is required to meet before being recognized in the financial statements and applies to all income tax positions. Each income tax position is assessed using a two-step process. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement.

The income tax position taken by the Organization for any years open under the various statutes of limitations are that the Organization continues to be exempt from income taxes and that the Organization does not have unrelated business income that would be subject to income taxes.

The Organization believes that there are no tax positions taken or expected to be taken that would significantly increase or decrease unrecognized tax benefits within 12 months of the reporting date.

None of the Organization's federal or state information returns are currently under examination by the Internal Revenue Service ("IRS") or state authorities.

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 at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

For purposes of preparing these financial statements, the Organization considered events through October 25, 2017, the date the financial statements were available to be issued.

NOTE 3 – CONDITIONAL PROMISE TO GIVE

On December 27, 2016, the Organization entered into a grant agreement with Humanity United ("HU") in the amount of \$800,000. The grant shall be used exclusively for the purpose to support investigative journalism which exposes the truth of modern slavery and the worst forms of labor exploitation that persist in the world today. Only expenses that are related to the purpose are incurred after October 1, 2016 and fully expended before December 31, 2018 may be paid using the grant. Any grant funds which have not been expended at the end of the December 31, 2018 shall be returned to HU.

As of March 31, 2017, the Organization received \$450,000, and the remaining \$350,000 to be received on December 31, 2017, subject to certain conditions including the Organization's timely submissions of progress reports to HU.

GUARDIAN.ORG FOUNDATION
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 4 – TRANSACTIONS WITH RELATED PARTIES

On December 13, 2016, the Organization entered into an Agreement with Guardian News & Media Ltd. (the “Limited company”, an affiliate of the Organization) that the Organization agreed to grant \$800,000 to further the Limited company’s charitable and educational purposes, of which \$450,000 was paid on March 21, 2017, and \$350,000 is scheduled to be paid on January 3, 2018, subject to certain conditions including the timely receipt of progress reports from the Limited company.

An agreement was entered on December 19, 2016 with Guardian News & Media LLC (the “LLC”, an affiliate of the Organization) whereby the Organization agreed to grant \$100,000 to the LLC, which was paid on March 19, 2017.

Program expenses with related parties for the year ended March 31, 2017 are as follows:

| | |
|----------------------------|-------------------|
| Guardian News & Media Ltd. | \$ 450,000 |
| Guardian News & Media LLC | 100,000 |
| | <u>\$ 550,000</u> |

