
HONESTREPORTING.COM, INC.
(a nonprofit organization)

FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024



HONESTREPORTING.COM, INC.
(a nonprofit organization)

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report	1-2
Statements of Financial Position As of September 30, 2025 and 2024	3
Statements of Activities For the Years Ended September 30, 2025 and 2024	4
Statement of Functional Expenses For the Year Ended September 30, 2025	5
Statement of Functional Expenses For the Year Ended September 30, 2024	6
Statements of Cash Flows For the Years Ended September 30, 2025 and 2024	7
Notes to the Financial Statements	8-13

INDEPENDENT AUDITORS' REPORT

To The Board of Trustees
HonestReporting.com, Inc.

Opinion

We have audited the accompanying financial statements of HonestReporting.com, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2025 and 2024, 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 HonestReporting.com, Inc. as of September 30, 2025 and 2024, 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 HonestReporting.com, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 HonestReporting.com, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

MEMBER AICPA, NYSSCPA

Auditors' 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.

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 HonestReporting.com, 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 of HonestReporting.com, 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.



BERNATH & ROSENBERG, P.C.
Certified Public Accountants

Airmont, New York
January 20, 2026

MEMBER AICPA, NYSSCPA

HONESTREPORTING.COM, INC.
(a nonprofit organization)
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2025 AND 2024

ASSETS

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	
Current Assets:				
Cash and Cash Equivalents	\$ 824,888	\$ 185,000	\$ 1,009,888	\$ 785,587
Investments	2,357,021	-	2,357,021	2,140,770
Interest and Dividend Receivable	17,587	-	17,587	5,726
Prepaid Expenses	8,982	-	8,982	11,433
Advances and Exchanges	<u>6,011</u>	<u>-</u>	<u>6,011</u>	<u>41,706</u>
TOTAL ASSETS	<u>\$ 3,214,489</u>	<u>\$ 185,000</u>	<u>\$ 3,399,489</u>	<u>\$ 2,985,222</u>

LIABILITIES AND NET ASSETS

Liabilities:

Current Liabilities:

Accounts Payable and Accrued Expenses	\$ 40,941	\$ -	\$ 40,941	\$ 24,083
Deferred Revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,140</u>
Total Current Liabilities	<u>40,941</u>	<u>-</u>	<u>40,941</u>	<u>29,223</u>
Total Liabilities:	40,941	-	40,941	29,223
Net Assets	<u>3,173,548</u>	<u>185,000</u>	<u>3,358,548</u>	<u>2,955,999</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,214,489</u>	<u>\$ 185,000</u>	<u>\$ 3,399,489</u>	<u>\$ 2,985,222</u>

HONESTREPORTING.COM, INC.
(a nonprofit organization)
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	<u>2025</u>			
	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>	<u>2024</u>
	<u>Restrictions</u>	<u>Restrictions</u>		
Changes in Net Assets:				
Revenue and Support:				
Contributions	\$ 2,858,488	\$ 185,000	\$ 3,043,488	\$ 3,236,788
Contributions - In Kind	97,513	-	97,513	-
Events	52,487	-	52,487	39,361
Investment Income	165,683	-	165,683	124,395
Foreign Currency Translation	35,830	-	35,830	-
Net Assets Released from Restrictions	<u>125,000</u>	<u>(125,000)</u>	<u>-</u>	<u>-</u>
Total Revenue and Support	<u>3,335,001</u>	<u>60,000</u>	<u>3,395,001</u>	<u>3,400,544</u>
Expenses:				
Program Services	2,355,244	-	2,355,244	1,689,107
Management and General	138,510	-	138,510	150,111
Fundraising	<u>498,698</u>	<u>-</u>	<u>498,698</u>	<u>589,757</u>
Total Expenses	<u>2,992,452</u>	<u>-</u>	<u>2,992,452</u>	<u>2,428,975</u>
Change in Net Assets	342,549	60,000	402,549	971,569
Net Assets - Beginning of Year	<u>2,830,999</u>	<u>125,000</u>	<u>2,955,999</u>	<u>1,984,430</u>
Net Assets - End of Year	<u>\$ 3,173,548</u>	<u>\$ 185,000</u>	<u>\$ 3,358,548</u>	<u>\$ 2,955,999</u>

See Independent Auditors' Report and Accompanying Notes to the Financial Statements

HONESTREPORTING.COM, INC.
(a nonprofit organization)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Grants	\$ 1,710,000	\$ -	\$ -	\$ 1,710,000
Salaries	261,243	38,955	196,806	497,004
Payroll Taxes	17,353	2,967	12,858	33,178
Employee Benefits	41,644	4,140	26,105	71,889
Consulting Fees	146,879	8,070	71,506	226,455
Accounting and Legal Fees	-	49,703	-	49,703
Communications Expense	1,367	1,471	2,710	5,548
Travel	28,267	8,774	14,784	51,825
Website Maintenance	12,305	8,496	61,059	81,860
Office	13,164	2,711	11,098	26,973
Bank Fees	-	4,842	-	4,842
Credit Card Service Fees	-	-	31,393	31,393
Insurance	-	3,192	-	3,192
Social Media Promotion	115,601	-	62,983	178,584
Conferences and Meetings	351	2,893	327	3,571
Filing Fees	-	2,296	-	2,296
Annual Report	7,070	-	7,069	14,139
Total Functional Expenses	<u>\$ 2,355,244</u>	<u>\$ 138,510</u>	<u>\$ 498,698</u>	<u>\$ 2,992,452</u>

See Independent Auditors' Report and Accompanying Notes to the Financial Statements

HONESTREPORTING.COM, INC.
(a nonprofit organization)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Grants	\$ 1,395,930	\$ -	\$ -	\$ 1,395,930
Salaries	131,928	40,360	281,457	453,745
Payroll Taxes	7,540	2,982	17,994	28,516
Employee Benefits	11,459	3,992	35,051	50,502
Consulting Fees	56,020	27,660	23,820	107,500
Accounting and Legal Fees	-	36,300	-	36,300
Communications Expense	1,143	580	3,759	5,482
Travel	17,542	3,898	27,009	48,449
Website Maintenance	10,335	7,843	91,062	109,240
Office	615	7,220	3,725	11,560
Bank Fees	-	5,166	-	5,166
Credit Card Service Fees	-	-	40,418	40,418
Insurance	-	3,192	-	3,192
Social Media Promotion	48,252	-	55,000	103,252
Conferences and Meetings	145	8,364	2,264	3,085
Filing Fees	-	2,554	-	2,554
Annual Report	8,198	-	8,198	16,396
Total Functional Expenses	<u>\$ 1,689,107</u>	<u>\$ 150,111</u>	<u>\$ 589,757</u>	<u>\$ 2,428,975</u>

See Independent Auditors' Report and Accompanying Notes to the Financial Statements

HONESTREPORTING.COM, INC.
(a nonprofit organization)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	2025	2024
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 402,549	\$ 971,569
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Unrealized Gain on Investment	(21,744)	(22,989)
Realized Gain on Investment	(10,096)	(2,805)
Amortization Premium	111	-
Original Issue Discount Interest	(66,579)	(79,690)
Investment Received as Donation	(38,584)	(34,984)
Changes in Operating Assets and Liabilities:		
Interest and Dividend Receivable	(11,861)	(5,726)
Prepaid Expenses	2,451	(716)
Advances and Exchanges	35,695	(27,956)
Accounts Payable and Accrued Expenses	16,858	15,092
Deferred Revenue	<u>(5,140)</u>	<u>-</u>
Total Adjustments	<u>(98,889)</u>	<u>(159,774)</u>
Net Cash Provided by Operating Activities	303,660	811,795
Cash Flows from Investing Activities:		
Purchase of Investments	(5,302,898)	(6,492,920)
Proceeds from Sale of Investments	<u>5,223,539</u>	<u>5,749,020</u>
Net Cash (Used in) Investing Activities	<u>(79,359)</u>	<u>(743,900)</u>
Net Increase in Cash and Cash Equivalents	224,301	67,895
Cash and Cash Equivalents - Beginning of Year	<u>785,587</u>	<u>717,692</u>
Cash and Cash Equivalents - End of Year	<u>\$ 1,009,888</u>	<u>\$ 785,587</u>

See Independent Auditors' Report and Accompanying Notes to the Financial Statements

HONESTREPORTING.COM, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 1 - NATURE OF ORGANIZATION

HonestReporting.com, Inc. (the “Organization”) was incorporated in New York in 2001 as a nonprofit organization. The Organization was formed to raise funds to monitor and promote objective media reporting on events related to the Middle East. The Organization’s primary support comes from donor contributions. The Organization provides its grants to support the operations of an independently governed Israeli organization whose mission and operations parallel those of the Organization.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Classes of Net Assets

The accompanying financial statement has been prepared in conformity with the disclosure and display requirements of Financial Accounting Standards Board (FASB) ASC 958, Not-For-Profit Entities. ASC 958 requires that resources be classified for reporting purposes into two net asset categories as net assets with donor restrictions and net assets without donor restrictions according to the existence or absence of donor-imposed restrictions.

Net assets without donor restrictions represent revenues and expenses related to the operations and management of the Organization’s primary programs and supporting services. If funds are raised and set aside by the board for future use, these are considered without donor restrictions. Contributions without donor restrictions that are expended for their restricted purpose in the same reporting period as received are recorded as without donor restrictions.

Net assets with donor restrictions are assets subject to donor-imposed stipulations that they be maintained permanently, or temporarily by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any investments for general or specific purposes. Amounts contributed that are designated for future periods are reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. As of September 30, 2025 and 2024, the Organization had \$185,000 and \$125,000 of net assets with donor restrictions, respectively.

HONESTREPORTING.COM, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classes of Net Assets (Continued)

When the Organization receives contributions from certain donors who historically contribute annually but elected to make multiple contributions within the same fiscal year, management internally designates these funds for future use to better align with the Organization's anticipated funding needs. This designation reflects management's current intent and does not constitute a donor restriction or a board designation. Accordingly, the designated amounts remain available for general expenditures and may be reallocated at management's discretion. As of September 30, 2025 and 2024, the Organization had \$227,500 and \$48,000, respectively, of net assets without donor restrictions that were internally designated by management for future use.

Cash

Cash consists of demand deposit accounts held at major financial institutions and may at times exceed the insurable amount of \$250,000. At September 30, 2025 and 2024, the Organization's cash amount exceeded the federally insured limits by approximately \$621,000 and \$161,000, respectively. The Organization periodically assesses the financial condition of the institutions and considers the risk of loss to be minimal.

The Organization also holds cash with financial institutions domiciled outside of the United States. These account balances are not subject to FDIC protection. As of September 30, 2025 and 2024, approximately \$139,000 and \$177,000 were held in accounts domiciled outside of the United States. The Organization periodically assesses the financial condition of the institutions and considers the risk of loss to be minimal.

Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all short-term investments purchased with a maturity of three months or less when purchased to be cash equivalents.

Investments

Investments with readily determinable fair values are measured at fair value in the statement of financial position. Interest, dividends, realized and unrealized gains and losses on investments, net of fees, are recorded as investment income, in the statement of activities. Realized gains and losses are determined on a specific identification basis. Realized and unrealized gains and losses, interest and dividends on investments are recorded as net assets without donor restrictions unless such amounts are restricted by the donor or by law. Investments received as donations are recorded at the estimated fair value at the date of the donation.

HONESTREPORTING.COM, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to use judgment in the application of accounting policies including making estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses during a reporting period. The most significant assumptions and estimates relate to depreciable lives and revenue recognition. Application of these assumptions requires the exercise of judgment as to future uncertainties and, as a result, actual results could differ from those estimates.

Revenue Recognition

We have analyzed the provisions of the FASB's ASC Topic 606, Revenue from Contracts with customers, and have concluded that no changes are necessary to conform with the new standard. The Organization recognizes contribution income upon receipt and not based on pledges to contribute, unless a donor has a contractual obligation. As of September 30, 2025 and 2024, there were no contractual pledges. The Organization recognizes revenue when earned. Mission fees and payments received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred.

Contributions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Donated services are recognized as contributions if the services (1) create or enhance non financing assets or (2) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers provide services that are not recognized as contributions in the financial statement, since the recognition criteria were not met.

The Organization receives in-kind advertising services through participation in the Google Ad Grants program, which provides advertising credits for use on Google Search. The fair value of advertising services received during the years ended September 30, 2025 and 2024 was approximately \$97,513 and \$-, respectively, based on the value of ads served at standard Google advertising rates. In-kind advertising is recognized as contributions - in kind revenue in the accompanying statements of activities and as social media promotion expense in the statements of functional expenses.

HONESTREPORTING.COM, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Promises to Give

Unconditional promises to give are recognized in the period received both as revenues or gains, and as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Foreign Currency Translation

Transactions denominated in foreign currencies are recorded at the exchange rates in effect on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are remeasured at exchange rates in effect at the statement of financial position date. Resulting gains and losses are reported as foreign currency translation on the accompanying statements of activities.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

Advertising and Promotion

Advertising and promotion costs are expensed as incurred. For the years ending September 30, 2025 and 2024, advertising and promotion costs were \$178,584 and \$103,252, respectively, which included \$97,513 and \$- of in-kind advertising, respectively.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the presentation in the current year financial statements.

NOTE 3 - FAIR VALUE HIERARCHY

Accounting guidance on fair value measurements for certain financial assets and liabilities requires that assets and liabilities carried at fair value be classified in one of the following three categories:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuation based on inputs that are unobservable and significant to the overall fair value measurement.

HONESTREPORTING.COM, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 3 - FAIR VALUE HIERARCHY (Continued)

Under the fair value accounting guidance hierarchy an entity is required to maximize the use of quoted market prices and minimize the use of unobservable inputs. The following tables sets forth the Organization's investment securities classified as available for sale, which are carried at fair value, as of September 30, 2025 and 2024 that are measured on a recurring basis during the year, segregated by level with the fair value hierarchy, respectively:

	September 30, 2025		
	Level 1	Level 2	Level 3
Certificates of Deposits	\$ 463,778	\$ -	\$ -
Corporate Bonds	285,136	-	-
US Treasury/ Agency Securities	975,272	-	-
Mutual Funds	111,199	-	-
Equity	469,119	-	-
Total at Cost	\$ 2,304,504	\$ -	\$ -
Unrealized Gain	52,517	-	-
Total at Fair Market Value	\$ 2,357,021	\$ -	\$ -

	September 30, 2024		
	Level 1	Level 2	Level 3
Certificates of Deposits	\$ 132,396	\$ -	\$ -
US Treasury/ Agency Securities	1,977,641	-	-
Total at Cost	\$ 2,110,037	\$ -	\$ -
Unrealized Gain	30,733	-	-
Total at Fair Market Value	\$ 2,140,770	\$ -	\$ -

NOTE 4 - DEFERRED REVENUE

Deferred revenue consists of mission fees which were received in advance of the activity that will take place subsequent to the reporting period. As of September 30, 2025 and 2024, the Organization had \$- and \$5,140 of deferred revenue, respectively.

NOTE 5 - COMMITMENTS AND CONTINGENCIES

The Organization is subject to legal proceedings, claims and litigation arising in the ordinary course of business. As of September 30, 2025 and 2024, there were no legal proceedings.

HONESTREPORTING.COM, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 6 - INVESTMENT INCOME

Investment Income on the statements of activities is comprised of the following:

	<u>2025</u>	<u>2024</u>
Unrealized Gain on Investment	\$ 21,744	\$ 22,989
Realized Gain on Investment	10,096	2,805
Dividend Income	48,075	6,901
Interest Income	19,300	12,010
Original Issue Discount Interest	66,579	79,690
Amortization Premium	<u>(111)</u>	<u>-</u>
Total Investment Income	<u>\$ 165,683</u>	<u>\$ 124,395</u>

NOTE 7 - FUNCTIONAL ALLOCATION OF EXPENSES

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include; salaries, payroll taxes, and employee benefits, which are allocated on the basis of estimated time spent on each function. All other allocated expenses are allocated based on the estimated use of each expenditure for each function.

NOTE 8 - LIQUIDITY AND AVAILABILITY

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments while also striving to maximize the investment of its available funds. As of September 30, 2025 and 2024, the Organization had \$1,009,888 and \$785,587 in cash and cash equivalents, respectively, that could readily be available within one year of the balance sheet date to meet operating expenditures.

NOTE 9 - PENSION PLANS

The Organization participates in a 403(b) plan to provide retirement benefits to certain employees. For the years September 30, 2025 and 2024, pension expense was \$17,401 and \$12,970, respectively, and is included in employee benefits on the statements of functional expenses.

NOTE 10 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through January 20, 2026 the date which the financial statements were available to be issued.