Daily Planet
HEALTH + SERVICES

Financial Statements

June 30, 2023 and 2022

Keiter
Your Opportunity Advisors

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DAILY PLANET, INCORPORATED

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Keiter
Your Opportunity Advisors

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Daily Planet, Incorporated
Richmond, Virginia

Opinion

We have audited the accompanying financial statements of Daily Planet, Incorporated (the "Organization"), which comprise the statements of financial position as of June 30, 2023 and 2022, 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 the Organization as of June 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. 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 the Organization 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, 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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 and *Government 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 and *Government 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 the Organization'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 the Organization'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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2023, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Keiter

November 16, 2023
Glen Allen, Virginia

DAILY PLANET, INCORPORATED

Statements of Financial Position
June 30, 2023 and 2022

Assets	2023	2022
Assets:		
Cash and cash equivalents	$ 6,891,492	$ 6,236,218
Patient accounts receivable, net	429,779	537,908
Other receivables	89,365	215,478
United Way Services funding commitment for the next fiscal year	16,250	16,250
Prepaid expenses	44,513	182,077
Right of use operating asset, net	53,813	-
Property and equipment, net	6,521,578	6,295,998
Total assets	$14,046,790	$13,483,929
Liabilities and Net Assets		
Liabilities:		
Accounts payable	$ 188,307	$ 301,309
Accrued annual leave	197,138	145,943
Unearned income	-	14,792
Payroll withholdings	22,963	-
Lease liability	49,584	-
Notes payable	229,221	229,221
Total liabilities	687,213	691,265
Net assets:		
Without donor restrictions	13,343,327	12,776,414
With donor restrictions	16,250	16,250
Total net assets	13,359,577	12,792,664
Total liabilities and net assets	$14,046,790	$13,483,929

See accompanying notes to financial statements.

DAILY PLANET, INCORPORATED

Statement of Activities
Year Ended June 30, 2023 with Comparative 2022 Totals

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
Support and revenue:				
Patient service revenue (net of contractual allowances and discounts)	$ 4,093,096	$ -	$ 4,093,096	$ 4,119,906
Provision for bad debts	(169,968)	-	(169,968)	(215,257)
Net patient service revenue	3,923,128	-	3,923,128	3,904,649
Federal government grants	5,302,074	-	5,302,074	6,750,979
Program and contract income	1,709,164	-	1,709,164	1,538,984
Contributions	136,180	-	136,180	182,431
United Way allocations	20,687	16,250	36,937	44,736
In-kind contributions	23,256	-	23,256	43,616
Other grants	1,033,710	-	1,033,710	1,132,421
Other revenue	78,711	-	78,711	4,353
Total support and revenue	12,226,910	16,250	12,243,160	13,602,169
Net assets released from restriction	16,250	(16,250)	-	-
Expenses:				
Program services	10,045,068	-	10,045,068	9,389,316
Support services	1,631,179	-	1,631,179	1,625,733
Total expenses	11,676,247	-	11,676,247	11,015,049
Change in net assets	566,913	-	566,913	2,587,120
Net assets, beginning of year	12,776,414	16,250	12,792,664	10,205,544
Net assets, end of year	$13,343,327	$ 16,250	$13,359,577	$ 12,792,664

See accompanying notes to financial statements.

DAILY PLANET, INCORPORATED

Statement of Activities
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Patient service revenue (net of contractual allowances and discounts)	$ 4,119,906	$ -	$ 4,119,906
Provision for bad debts	(215,257)	-	(215,257)
Net patient service revenue	3,904,649	-	3,904,649
Federal government grants	6,750,979	-	6,750,979
Program and contract income	1,538,984	-	1,538,984
Contributions	182,431	-	182,431
United Way allocations	28,486	16,250	44,736
In-kind contributions	43,616	-	43,616
Other grants	1,132,421	-	1,132,421
Other revenue	4,353	-	4,353
Total support and revenue	13,585,919	16,250	13,602,169
Net assets released from restriction	16,250	(16,250)	-
Expenses:			
Program services	9,389,316	-	9,389,316
Support services	1,625,733	-	1,625,733
Total expenses	11,015,049	-	11,015,049
Change in net assets	2,587,120	-	2,587,120
Net assets, beginning of year	10,189,294	16,250	10,205,544
Net assets, end of year	$12,776,414	$ 16,250	$12,792,664

See accompanying notes to financial statements.

DAILY PLANET, INCORPORATED

Statement of Functional Expenses
Year Ended June 30, 2023 with Comparative 2022 Totals

	Program Services				Support Services				
	Public Health	Safe Haven	Respite	Total Program Services	Administrative	Fundraising	Total Support Services	Total 2023 Expenses	2022 Total Expenses
Salaries	$ 6,000,941	$ 280,802	$ 268,401	$ 6,550,144	$ 1,071,167	$ -	$ 1,071,167	$ 7,621,311	$ 7,108,262
Employee health and retirement benefits	559,966	5,436	27,427	592,829	157,070	3,520	160,590	753,419	858,446
Payroll taxes and w orkers compensation insurance	427,471	21,748	20,898	470,117	77,338	-	77,338	547,455	488,034
Total staff compensation	6,988,378	307,986	316,726	7,613,090	1,305,575	3,520	1,309,095	8,922,185	8,454,742
Education and training	34,413	393	927	35,733	1,468	348	1,816	37,549	60,928
General and program supplies	323,619	7,086	8,474	339,179	7,656	4,232	11,888	351,067	317,394
In-kind expenses	-	-	-	-	23,256	-	23,256	23,256	43,616
Insurance	57,303	4,956	6,608	68,867	13,132	4,130	17,262	86,129	78,461
Interest	-	-	-	-	-	-	-	-	85,875
Janitorial services	-	-	-	-	-	-	-	-	31,145
Miscellaneous	79,041	15,206	20,013	114,260	8,474	3,334	11,808	126,068	134,802
Postage	2,285	167	222	2,674	275	157	432	3,106	2,916
Professional fees and contract services	690,866	42,040	56,619	789,525	132,385	34,995	167,380	956,905	964,743
Promotional and advertising	20,450	1,683	2,244	24,377	12,880	1,424	14,304	38,681	38,513
Rental expense	14,737	9,109	1,461	25,307	1,488	977	2,465	27,772	19,207
Repairs and maintenance	65,525	14,273	12,883	92,681	610	1,684	2,294	94,975	104,634
Specific assistance to individuals	357,685	28,194	14,962	400,841	17,815	8,608	26,423	427,264	244,134
Telephone expense	61,556	6,787	6,876	75,219	7,153	4,082	11,235	86,454	100,535
Travel and transportation	2,793	247	281	3,321	378	175	553	3,874	3,009
Utilities	70,839	22,102	13,000	105,941	843	2,534	3,377	109,318	89,074
Total expenses before depreciation	8,769,490	460,229	461,296	9,691,015	1,533,388	70,200	1,603,588	11,294,603	10,773,728
Depreciation	315,910	34,142	4,001	354,053	27,157	434	27,591	381,644	241,321
Total expenses	$ 9,085,400	$ 494,371	$ 465,297	$ 10,045,068	$ 1,560,545	$ 70,634	$ 1,631,179	$ 11,676,247	$ 11,015,049

See accompanying notes to financial statements.

DAILY PLANET, INCORPORATED

Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services				Support Services			
	Public Health	Safe Haven	Respite	Total Program Services	Administrative	Fundraising	Total Support Services	Total Expenses
Salaries	$ 5,452,377	$ 248,458	$ 405,558	$ 6,106,393	$ 1,001,869	$ -	$ 1,001,869	$ 7,108,262
Employee health and retirement benefits	620,647	33,991	49,770	704,408	136,844	17,194	154,038	858,446
Payroll taxes and w orkers compensation insurance	394,546	20,205	31,387	446,138	41,896	-	41,896	488,034
Total staff compensation	6,467,570	302,654	486,715	7,256,939	1,180,609	17,194	1,197,803	8,454,742
Education and training	48,188	1,045	3,931	53,164	6,821	943	7,764	60,928
General and program supplies	274,829	12,719	12,401	299,949	11,259	6,186	17,445	317,394
In-kind expenses	-	-	-	-	43,616	-	43,616	43,616
Insurance	56,473	3,971	5,294	65,738	9,414	3,309	12,723	78,461
Interest	81,788	-	-	81,788	4,087	-	4,087	85,875
Janitorial services	15,633	600	14,873	31,106	-	39	39	31,145
Miscellaneous	89,236	13,378	16,727	119,341	10,522	4,939	15,461	134,802
Postage	2,217	139	180	2,536	234	146	380	2,916
Professional fees and contract services	618,286	42,953	58,428	719,667	209,259	35,817	245,076	964,743
Promotional and advertising	20,217	1,706	2,274	24,197	12,892	1,424	14,316	38,513
Rental expense	8,761	7,702	954	17,417	1,194	596	1,790	19,207
Repairs and maintenance	60,603	20,982	18,888	100,473	2,577	1,584	4,161	104,634
Specific assistance to individuals	198,166	14,076	9,647	221,889	16,379	5,866	22,245	244,134
Telephone expense	70,028	8,991	8,326	87,345	8,520	4,670	13,190	100,535
Travel and transportation	1,926	301	241	2,468	391	150	541	3,009
Utilities	53,392	21,813	11,365	86,570	740	1,764	2,504	89,074
Total expenses before depreciation	8,067,313	453,030	650,244	9,170,587	1,518,514	84,627	1,603,141	10,773,728
Depreciation	183,139	33,089	2,501	218,729	22,448	144	22,592	241,321
Total expenses	$ 8,250,452	$ 486,119	$ 652,745	$ 9,389,316	$ 1,540,962	$ 84,771	$ 1,625,733	$ 11,015,049

See accompanying notes to financial statements.

DAILY PLANET, INCORPORATED

Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	$ 566,913	$ 2,587,120
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	381,644	241,321
Amortization of deferred financing costs	-	34,784
Changes in operating assets and liabilities:		
Patient accounts receivable, net	108,129	(120,280)
Other receivables	126,113	(117,149)
Prepaid expenses	137,564	(107,409)
Operating lease assets and liabilities, net	(4,229)	-
Accounts payable and accrued expenses	(61,807)	94,085
Unearned income	(14,792)	917
Payroll withholdings	22,963	-
Other liabilities	-	(19,911)
Net cash provided by operating activities	1,262,498	2,593,478
Cash flows from investing activities:		
Purchase of property and equipment	(607,224)	(816,760)
Net cash used in investing activities	(607,224)	(816,760)
Cash flows from financing activities:		
Payments on notes payable	-	(1,397,805)
Net cash used in financing activities	-	(1,397,805)
Change in cash and cash equivalents	655,274	378,913
Cash and cash equivalents, beginning of year	6,236,218	5,857,305
Cash and cash equivalents, end of year	$ 6,891,492	$ 6,236,218
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ -	$ 51,092
Supplemental disclosure of noncash investing activities:		
Operating lease asset obtained in exchange for lease liability	$ 60,868	$ -

See accompanying notes to financial statements.

DAILY PLANET, INCORPORATED

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

Description of Organization: The Daily Planet, Incorporated (the "Organization") is a nonprofit corporation exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. It was organized as a rehabilitative service agency to provide services and treatment which will strengthen and enrich the lives of people, primarily those that are homeless, with mental health-related disabilities to function meaningfully in society. The Organization is supported primarily through contributions and governmental grants.

Basis of Presentation: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("GAAP") as determined by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). GAAP requires the Organization to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions.

Net assets without donor restrictions include unrestricted and board designated funds. The unrestricted and board designated funds include revenue and expenses used currently for general operations and programs of the Organization. There were no board designated net assets at June 30, 2023 and 2022.

Net assets with donor restrictions include contributions and grants restricted by donor designation and interest earned on restricted net assets and is reported as increases in net assets with donor restrictions. When a restriction expires, either with the passage of time or by actions of the Organization, net assets with donor restrictions are released and reclassified to net assets without donor restrictions. If the contribution and activity occur in the same year, the revenue is recorded as net assets without donor restrictions. Net assets with donor restrictions at June 30, 2023, consist of a United Way Services' funding commitment of $16,250 received for the 2024 fiscal year. Net assets with donor restrictions at June 30, 2022, consisted of a United Way Services' funding commitment of $16,250 received for the 2023 fiscal year.

Cash and Cash Equivalents: For the purpose of reporting the statements of cash flows, the Organization includes all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less as cash and cash equivalents on the accompanying statements of financial position. The Organization had cash balances in a financial institution that exceeded federal depository insurance limits.

1. Summary of Significant Accounting Policies, Continued:

Property and Equipment: Acquisitions of property and equipment are recorded at cost. Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the respective assets. Estimated useful lives are 5 to 10 years for furniture and equipment, 3 to 10 years for software, 10 years for vehicles and 5 to 40 years for buildings and improvements. The costs of major improvements are capitalized, while the costs of maintenance and repairs, which do not improve or extend the lives of the respective assets, are expensed currently.

Deferred Financing Costs: Deferred financing costs totaling $38,177 incurred in connection with securing a note payable were capitalized and were being amortized over the fifteen year term of the note. The note payable was paid in full on June 8, 2022, and the related deferred financing costs were fully amortized and derecognized as of the same date. No deferred financing costs were recorded as of June 30, 2023 and 2022 (see Note 4).

The Organization accounts for deferred financing costs in accordance with ASC Topic 835, which requires the Organization to present deferred financing costs related to a recognized debt liability as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts.

Revenue Recognition: The Organization accounts for revenue in accordance with ASC Topic 606. The topic defines a process for evaluating revenue recognition including 1) identify the contract, 2) identify separate performance obligations, 3) determine the transaction price, 4) allocate the transaction price to the performance obligations, and 5) recognize revenue when (or as) the Organization satisfies a performance obligation. One of the key concepts in the standard is that revenue should be recognized when a customer has control over a good or service. The standard also requires an entity to enhance revenue recognition disclosures in the accounting policy footnote including both quantitative and qualitative information, significant judgments involved in the process, and the amount and timing of remaining performance obligations.

1. Summary of Significant Accounting Policies, Continued:

Revenue Recognition, Continued: The Organization reports net patient service revenue at the estimated net realizable amounts from patients, third-party payors and others for services rendered. The performance obligation for the Organization is providing healthcare and treatment services, with revenue being recognized at the point in time when this is satisfied. Patient service revenue, net of contractual allowances and discounts, is reduced by the provision for bad debts, and net patient accounts receivable are reduced by an allowance for contractual adjustments and uncollectible accounts. These amounts are based primarily on management's assessment of historical and expected write-offs and net collections, along with the aging status for each major payor source. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for uncollectible accounts. The estimated allowance was $430,000 at June 30, 2023 and $530,583 at June 30, 2022. After reasonable collections efforts have been exhausted in accordance with the Organization's policies, patient accounts receivable are written off.

The Organization provides care to patients regardless of their ability to pay. The Organization established a sliding fee schedule for discounted services, up to 100%, based on the patient income and Federal Poverty Level guidelines. The associated discounts based on the sliding fee are not reported as net patient service revenues.

A contract asset is the Organization's right to consideration in exchange for goods or services the Organization has transferred to a patient. Contract liabilities represent consideration received from a patient before the Organization has transferred a good or service to the patient. There were no contract assets as of June 30, 2023, 2022, or 2021. Contract liabilities include unearned income which amounted to $78,613 at June 30, 2022, $14,792 at June 30, 2022, and $13,875 at June 30, 2021.

Deferred Revenue: All revenue received in advance for services to be provided subsequent to year-end is deferred revenue and recognized in the year the service is provided.

Income Taxes: The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. The Organization is subject to tax on any unrelated business income that it may generate. The Organization did not have any activities resulting in unrelated business income during 2023 and 2022.

1. Summary of Significant Accounting Policies, Continued:

Income Tax Uncertainties: The Organization follows FASB guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Organization's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense and liability in the current year. Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. The Organization is not currently under audit by any tax jurisdiction.

Gifts and Grants: The Organization reports gifts of cash and other assets as donor-restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the donor restrictions expire or are met in the fiscal year in which the contributions are recognized.

Grants and Contributions Receivable: Under FASB guidance for accounting for contributions received, contributions are recognized when the donor makes a promise to give the Organization that is, in substance, unconditional. If the unconditional promise to give is to occur over several fiscal periods, the assets will be measured at their present value. At June 30, 2023 and 2022, there were no unconditional promises to give.

In addition, the Organization has recorded receivables from United Way in the amount of $16,250 in 2023 and 2022.

Leases: In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which supersedes ASC 840 and creates a new topic, ASC 842. ASC 842 requires lessees to recognize a right-of-use asset and a lease liability on the statement of financial position for substantially all leases with a term of 12 months or greater. Leases are classified as either finance or operating, with classification affecting expense recognition in the Organization’s operations.

The lease liability is initially measured at the present value of future lease payments, measured on a discounted basis, as of the lease commencement date or the adoption date, whichever is later. The right-of-use assets are initially measured at the value of the lease liability, adjusted for initial direct lease costs, lease incentives, and prepaid or deferred rent. The Organization elected to use the risk-free discount rate for any leases for which the rate implicit in the lease was not readily determinable.

1. Summary of Significant Accounting Policies, Continued:

Leases, Continued: The right-of-use asset and lease liability are calculated to include options to extend or terminate the lease when the Organization determines that it is reasonably certain it will exercise those options. In making those determinations, the Organization considers various existing economic and market factors, business strategies as well as the nature, length, and terms of the lease agreements.

At July 1, 2022, the Organization adopted the provisions of ASC 842, using the modified retrospective adoption method. In addition, the Organization utilized the simplified transition option available in ASC 842, which allows entities to continue to apply the legacy guidance in ASC 840, including its disclosure requirements, in the comparative periods presented in the year of adoption.

Upon adoption of ASC 842, the Organization elected the transitional package of practical expedients that allow an entity to not reassess (1) whether any expired or existing contracts contain a lease, (2) the lease classification of any expired or existing lease, and (3) initial direct costs for any existing lease, and the use of hindsight in determining the lease term. In addition, the Organization elected to not record a lease liability and corresponding right-of-use asset for leases with terms of 12 months or less, and to account for lease and non-lease components as a single lease component. The standard did not materially impact the Organization’s operations and cash flows.

In-kind Contributions: Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and of a type that would typically be purchased if not provided by donation, are recorded at their fair values in the period received. A number of unpaid volunteers who serve in various capacities have made significant contributions of their time in the furtherance of the Organization’s programs. The value of this contributed time is not reflected in these statements because the criteria for the recognition under ASC 958 have not been satisfied. Contributions of donated noncash assets are recorded at their fair market values in the period received. The amount recorded as in-kind contributions equaled $23,256 for 2023 and $43,616 for 2022 and is for medical lab testing, clothing, toiletries, and other disposable items used in the operations of the Organization.

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

1. Summary of Significant Accounting Policies, Continued:

Functional Expenses: The costs of providing various program and supporting services have been summarized on the functional basis in the statements of activities. Expenses have been summarized based on function and natural classification in the statements of functional expenses. Accordingly, salaries and related costs have been allocated based on time spent in the various functions. Certain attributable costs that are not readily identified as benefiting a functional area are charged to administrative services. Program costs are allocated to the appropriate programs in which the costs are derived.

Subsequent Events: Management has evaluated subsequent events through November 16, 2023, the date the financial statements were available for issuance, and has determined there are no subsequent events to be reported in the accompanying financial statements apart from the event disclosed in Note 9.

2. Property and Equipment:

Property and equipment consisted of the following as of June 30:

	2023	2022
Land	$ 1,323,108	$ 1,323,108
Buildings and improvements	7,587,578	7,143,612
Furniture and equipment	482,049	412,982
Software	198,000	143,681
Vehicle	195,209	195,209
Construction in process	39,871	-
	9,825,815	9,218,592
Less accumulated depreciation	3,304,237	2,922,594
Net property and equipment	$ 6,521,578	$ 6,295,998

Depreciation expense amounted to $381,644 for 2023 and $241,321 for 2022.

3. Contingent Liabilities:

Grant funds are subject to audit by the funding agencies to determine compliance with various grant requirements. Should any expenditure be disallowed, they must be refunded to the granting agency. Under the terms of the grant awards, grantors retain the right to require unexpended funds to be returned to the granting agency, unless prior approval is obtained for subsequent expending by the Organization.

4. Notes Payable:

The Organization has a note with the Virginia Housing Development Authority ("VH"), secured by property located at 2856-2864 Hull Street. During October 2020, VH provided the Organization with a waiver that suspended principal and interest payments for ten years, beginning October 1, 2020 through September 30, 2030 (the "modification period"). No interest is accruing on the loan during the modification period. At the end of the modification period, if the Organization remains in compliance with its regulatory requirements, then the full balance of the note will be forgiven.

Prior to the VH waiver, the note was payable in monthly installments of $1,686, including interest at a rate of 3%, and matures in December 2034. The note payable balance as of June 30, 2023 and 2022, was $229,221.

During 2020, the Organization entered into a note payable agreement with Atlantic Union for $1,453,500 for purposes of financing its acquisition of property at 511 W. Grace St. The note agreement required monthly installments of $7,453, including interest at a rate of 3.67%, and was to mature in February 2035. The note was secured by a deed of trust. The note payable balance as of June 30, 2021, was $1,363,021 and wa presented net of unamortized deferred financing costs of $34,784. The note payable was paid in full on June 8, 2022.

5. Net Patient Service Revenue:

For the years ended June 30, 2023 and 2022, patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), by primary payor source was as follows:

	2023	2022	2021
Third-Party Payors	$ 3,653,447	$ 3,998,075	$ 2,668,809
Self-Pay	439,649	121,831	298,217
	$ 4,093,096	$ 4,119,906	$ 2,967,026

6. Leases:

The Organization entered into a lease agreement for the use of copiers and printers in July 2022, with the lease expiring September 2027. The discount rate used in the calculation of the operating lease liability at June 30, 2023 was 3.93% and the remaining useful life was 4.58 years. Rent expense under this lease totaled $8,458 during 2023.

The Organization has other short-term lease agreements for office equipment and operational space. Short-term rent expense was $19,314 for 2023. Rent expense was $19,207 for 2022.

Future minimum lease payments as of June 30, 2023, are as follows:

Year	Amount
2024	$ 12,687
2025	12,687
2026	12,687
2027	12,687
2028	3,172
	$ 53,920
Less: imputed interest	(4,336)
	$ 49,584

7. Pension Plan:

The Organization offered a defined benefit plan through United Way of Greater Richmond & Petersburg for employees meeting the eligibility requirements of age 21 and completing one year of service with a minimum of 1,000 hours worked. The plan paid retirees a fixed amount that is based on the number of years of service and compensation history. Benefits are fully vested after the employee has reached three years of service. Effective December 31, 2008, the plan sponsor, United Way of Greater Richmond & Petersburg, decided to freeze all future benefit accruals for those who are active participants. The pension plan was also frozen to new participants as of that date. In November 2022, the plan was terminated. Based on actuarial assumptions, current interest rates, market conditions, requirements of the Pension Protection Act, and other factors, the Organization was required to make contributions to the plan to fulfill the plan assets for termination. During 2022, the Organization made payments in the amount of $191,449 towards the termination of the plan. During 2023, the Organization received a refund of $62,193 as a proportional repayment of the Organization's deposited funds. Retirement expense recorded for the defined benefit plan was $53,196 for 2022.

7. Pension Plan, Continued:

The Organization also maintains a 403(b) retirement plan that covers substantially all full-time employees. The Organization will match up to 3% of employees' contributions to the 403(b) retirement plan. Retirement expense recorded for the 403(b) plan was $103,995 for 2023 and $104,400 for 2022.

8. Liquidity and Availability of Financial Assets:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise of the following:

	2023	2022
Financial assets available within one year:		
Cash and cash equivalents	$ 6,891,492	$ 6,236,218
Patient accounts receivable, net	429,779	537,908
Other receivables	89,365	215,478
United Way Services funding commitment for the next fiscal year	16,250	16,250
Total	7,426,886	7,005,854
Less those unavailable for general expenditure within one year:		
Net assets with donor restrictions	16,250	16,250
Total	16,250	16,250
Financial assets available for general expenditure within one year	$ 7,410,636	$ 6,989,604

9. Subsequent Events:

Management has evaluated subsequent events through November 16, 2023, the date the financial statements were available for issuance, and has determined that, other than the subsequent events described below, there are no other subsequent events to be reported in the accompanying financial statements. On August 11, 2023, the Organization acquired real property for $1,700,000 to be used to continue providing more medical and dental services.

10. New Accounting Guidance:

Credit Losses: In June 2016, the FASB issued new guidance that replaces the current incurred loss model used to measure impairment losses with an expected loss model for trade and other receivables. The new standard will be effective for periods beginning after December 15, 2022, and will require entities to use a modified retrospective approach to the earliest period presented. The Organization is currently evaluating the reporting and economic implications of the new standard.

DAILY PLANET, INCORPORATED

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Disbursements /Expenditures
U.S. Department of Health and Human Services:		
Federal Assistance Listing No. 93.224:		
Health Care for the Homeless	93.224	$ 2,729,038
American Relief Plan	93.224	852,806
American Relief Plan Capital	93.224	127,357
Cadre	93.224	98,117
COVID - ECV	93.224	131,143
Total expenditures under Federal Assistance Listing No. 93.224		3,938,461
Ryan White Care Act Part B	93.917	1,036,601
Total U.S. Department of Health and Human Services		4,975,062
U.S. Department of Housing and Urban Development:		
Supportive Housing Program - Safe Haven - No. VA36B94-0066	14.235	268,075
Passed Through City of Richmond Passed Through Department of Justice Services Continuum of Care Program	14.267	58,937
Total U.S. Department of Housing and Urban Development		327,012
Total		$ 5,302,074

See independent auditor’s report.

DAILY PLANET, INCORPORATED

Schedule of Expenditures of Federal Awards, Continued
Year Ended June 30, 2023

Note A – Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal award activity of Daily Planet, Incorporated and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The amounts shown as current year expenditures represent only the federal portion of the actual program costs. Actual program costs, including the Organization's portion, may be more than shown.

Daily Planet, Incorporated has elected to not use the 10% de minimis indirect cost rate.

See independent auditor's report.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Daily Planet, Incorporated
Richmond, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Daily Planet, Incorporated (the "Organization"), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated November 16, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Organization's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Keiter

November 16, 2023
Glen Allen, Virginia

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Daily Planet, Incorporated
Richmond, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Daily Planet, Incorporated's (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the *U.S. Office of Management and Budget ("OMB") Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Keiter

November 16, 2023
Glen Allen, Virginia

DAILY PLANET, INCORPORATED

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2023

Not Applicable

DAILY PLANET, INCORPORATED

Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

A. SUMMARY OF AUDIT RESULTS

(1) The auditor's report expresses an unmodified opinion on the financial statements of Daily Planet, Incorporated.

(2) No material weaknesses or significant deficiencies in internal control were disclosed during the audit of the financial statements

(3) No instances of noncompliance, material to the financial statements of Daily Planet, Incorporated, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

(4) No material weaknesses or significant deficiencies relating to the audit of the major federal award programs are reported in the Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.

(5) The auditors' report on compliance for the major federal award programs for Daily Planet, Incorporated expresses an unmodified opinion.

(6) There were no audit findings relative to the major federal award programs for Daily Planet, Incorporated.

(7) The programs tested as major programs included:

U.S. Department of Health and Human Services:
- Health Care for the Homeless, FAL No. 93.224
- American Relief Plan, FAL No. 93.224
- American Relief Plan Capital, FAL No. 93.224
- Cadre, FAL No. 93.224
- COVID – ECV, FAL No. 93.224

(8) The threshold used for distinguishing between Type A and B programs was $750,000.

(9) Daily Planet, Incorporated was determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

DAILY PLANET, INCORPORATED

Corrective Action Plan
Year Ended June 30, 2023

Not Applicable