



Consolidated Financial Statements

June 30, 2025 and 2024



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DAILY PLANET, INCORPORATED AND SUBSIDIARY

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Daily Planet, Incorporated and Subsidiary (collectively, the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 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.

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 Consolidated 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 opinions.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 December 2, 2025, 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.

A handwritten signature in black ink, appearing to read "Keith", with a stylized flourish at the end.

December 2, 2025
Glen Allen, Virginia

DAILY PLANET, INCORPORATED AND SUBSIDIARY

Consolidated Statements of Financial Position June 30, 2025 and 2024

<u>Assets</u>	<u>2025</u>	<u>2024</u>
Assets:		
Cash and cash equivalents	\$ 3,909,505	\$ 3,622,416
Patient accounts receivable, net of allowance for credit losses of \$701,000 and \$743,000	467,224	512,743
Other receivables	15,832	499,315
United Way Services funding commitment for the next fiscal year	16,250	16,250
Prepaid expenses	147,534	26,627
Right of use operating asset, net	31,507	42,879
Property and equipment, net	<u>15,561,797</u>	<u>8,913,311</u>
 Total assets	 <u>\$20,149,649</u>	 <u>\$13,633,541</u>
 <u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable	\$ 160,474	\$ 213,512
Accrued annual leave	247,688	209,859
Payroll withholdings	-	4,995
Accrued interest	18,275	-
Operating lease liability	27,278	38,650
Notes payable	<u>5,229,221</u>	<u>229,221</u>
 Total liabilities	 <u>5,682,936</u>	 <u>696,237</u>
Net assets:		
Without donor restrictions	14,450,463	12,921,054
With donor restrictions	<u>16,250</u>	<u>16,250</u>
 Total net assets	 <u>14,466,713</u>	 <u>12,937,304</u>
 Total liabilities and net assets	 <u>\$20,149,649</u>	 <u>\$13,633,541</u>

See accompanying notes to the consolidated financial statements.

DAILY PLANET, INCORPORATED AND SUBSIDIARY

Consolidated Statement of Activities Year Ended June 30, 2025 with Comparative 2024 Totals

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>2025 Total</u>	<u>2024 Total</u>
Support and revenue:				
Patient service revenue (net of contractual allowances and discounts)	\$ 3,763,930	\$ -	\$ 3,763,930	\$ 3,537,073
Provision for credit losses	<u>(371,853)</u>	<u>-</u>	<u>(371,853)</u>	<u>(306,526)</u>
Net patient service revenue	3,392,077	-	3,392,077	3,230,547
 Federal government grants	 6,591,394	 -	 6,591,394	 5,146,366
Program and contract income	6,885,308	-	6,885,308	1,966,981
Contributions	556,678	-	556,678	239,806
United Way allocations	16,595	16,250	32,845	33,220
In-kind contributions	40,080	-	40,080	21,896
Other grants	2,026,911	-	2,026,911	1,779,099
Other income	<u>69,367</u>	<u>-</u>	<u>69,367</u>	<u>162,960</u>
 Total support and revenue	 <u>19,578,410</u>	 <u>16,250</u>	 <u>19,594,660</u>	 <u>12,580,875</u>
 Net assets released from restriction	 <u>16,250</u>	 <u>(16,250)</u>	 <u>-</u>	 <u>-</u>
Expenses:				
Program services	15,835,042	-	15,835,042	11,274,380
Support services	<u>2,230,209</u>	<u>-</u>	<u>2,230,209</u>	<u>1,728,768</u>
 Total expenses	 <u>18,065,251</u>	 <u>-</u>	 <u>18,065,251</u>	 <u>13,003,148</u>
 Change in net assets	 1,529,409	 -	 1,529,409	 (422,273)
 Net assets, beginning of year	 <u>12,921,054</u>	 <u>16,250</u>	 <u>12,937,304</u>	 <u>13,359,577</u>
 Net assets, end of year	 <u>\$14,450,463</u>	 <u>\$ 16,250</u>	 <u>\$ 14,466,713</u>	 <u>\$ 12,937,304</u>

See accompanying notes to the consolidated financial statements.

DAILY PLANET, INCORPORATED AND SUBSIDIARY

Consolidated Statement of Activities Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Patient service revenue (net of contractual allowances and discounts)	\$ 3,537,073	\$ -	\$ 3,537,073
Provision for bad debts	<u>(306,526)</u>	<u>-</u>	<u>(306,526)</u>
Net patient service revenue	3,230,547	-	3,230,547
 Federal government grants	 5,146,366	 -	 5,146,366
Program and contract income	1,966,981	-	1,966,981
Contributions	239,806	-	239,806
United Way allocations	16,970	16,250	33,220
In-kind contributions	21,896	-	21,896
Other grants	1,779,099	-	1,779,099
Other revenue	<u>162,960</u>	<u>-</u>	<u>162,960</u>
 Total support and revenue	 <u>12,564,625</u>	 <u>16,250</u>	 <u>12,580,875</u>
 Net assets released from restriction	 <u>16,250</u>	 <u>(16,250)</u>	 <u>-</u>
Expenses:			
Program services	11,274,380	-	11,274,380
Support services	<u>1,728,768</u>	<u>-</u>	<u>1,728,768</u>
 Total expenses	 <u>13,003,148</u>	 <u>-</u>	 <u>13,003,148</u>
 Change in net assets	 (422,273)	 -	 (422,273)
 Net assets, beginning of year	 <u>13,343,327</u>	 <u>16,250</u>	 <u>13,359,577</u>
 Net assets, end of year	 <u>\$12,921,054</u>	 <u>\$ 16,250</u>	 <u>\$ 12,937,304</u>

See accompanying notes to the consolidated financial statements.

DAILY PLANET, INCORPORATED AND SUBSIDIARY

Consolidated Statement of Functional Expenses Year Ended June 30, 2025 with Comparative 2024 Totals

	Program Services				Support Services				Total Expenses	2025	Total Expenses	2024
	Program Services				Support Services							
	Public Health	Safe Haven	Respite	Total Program Services	Administrative	Fundraising	Services					
Salaries	\$ 7,699,730	\$ 344,918	\$ 201,921	\$ 8,246,569	\$ 1,286,902	\$ 121,245	\$ 1,408,147	\$ 9,654,716	\$	8,281,787		
Employee health and retirement benefits	892,614	70,618	76,724	1,039,956	174,693	74,133	248,826	1,288,782		1,069,828		
Payroll taxes and workers compensation insurance	565,879	26,796	16,212	608,887	91,912	9,014	100,926	709,813		606,455		
Total staff compensation	9,158,223	442,332	294,857	9,895,412	1,553,507	204,392	1,757,899	11,653,311		9,958,070		
Education and training	33,417	734	1,051	35,202	1,524	562	2,086	37,288		26,175		
General and program supplies	388,529	7,414	11,068	407,011	8,042	6,247	14,289	421,300		318,687		
In-kind expenses	-	-	-	-	40,080	-	40,080	40,080		21,896		
Insurance	65,461	5,447	7,263	78,171	9,166	4,539	13,705	91,876		85,562		
Interest	60,756	1,969	2,626	65,351	7,260	1,641	8,901	74,252		117		
Janitorial services	9,543	205	273	10,021	960	171	1,131	11,152		-		
Miscellaneous	117,632	12,569	13,905	144,106	32,068	5,404	37,472	181,578		104,308		
Postage	1,741	108	143	1,992	179	169	348	2,340		2,728		
Professional fees and contract services	831,537	53,121	71,247	955,905	218,119	44,258	262,377	1,218,282		1,019,836		
Promotional and advertising	14,738	1,246	1,661	17,645	15,641	1,038	16,679	34,324		26,028		
Rental expense	25,939	2,068	2,757	30,764	3,456	1,689	5,145	35,909		29,013		
Repairs and maintenance	90,418	14,548	9,785	114,751	3,018	8,649	11,667	126,418		98,277		
Specific assistance to individuals	3,229,294	23,040	26,219	3,278,553	7,392	1,445	8,837	3,287,390		678,578		
Telephone expense	62,952	6,939	7,208	77,099	7,825	4,310	12,135	89,234		90,345		
Travel and transportation	22,307	1,769	2,302	26,378	2,778	1,474	4,252	30,630		20,026		
Utilities	98,657	27,684	11,966	138,307	3,116	9,032	12,148	150,455		119,626		
Total expenses before depreciation	14,211,144	601,193	464,331	15,276,668	1,914,131	295,020	2,209,151	17,485,819		12,599,272		
Depreciation	523,638	32,243	2,493	558,374	21,058	-	21,058	579,432		403,876		
Total expenses	\$ 14,734,782	\$ 633,436	\$ 466,824	\$ 15,835,042	\$ 1,935,189	\$ 295,020	\$ 2,230,209	\$ 18,065,251	\$	13,003,148		

See accompanying notes to the consolidated financial statements.

DAILY PLANET, INCORPORATED AND SUBSIDIARY

Consolidated Statement of Functional Expenses Year Ended June 30, 2024

	Program Services				Support Services			Total 2024 Expenses
	Public Health	Safe Haven	Respite	Total Program Services	Administrative	Fundraising	Total Support Services	
Salaries	\$ 6,681,447	\$ 287,891	\$ 147,014	\$ 7,116,352	\$ 1,165,435	\$ -	\$ 1,165,435	\$ 8,281,787
Employee health and retirement benefits	817,774	48,045	63,590	929,409	123,517	16,902	140,419	1,069,828
Payroll taxes and workers compensation insurance	486,969	22,495	11,866	521,330	85,069	56	85,125	606,455
Total staff compensation	7,986,190	358,431	222,470	8,567,091	1,374,021	16,958	1,390,979	9,958,070
Education and training	23,997	355	646	24,998	881	296	1,177	26,175
General and program supplies	301,649	3,263	6,273	311,185	4,113	3,389	7,502	318,687
In-kind expenses	-	-	-	-	21,896	-	21,896	21,896
Insurance	60,094	5,079	6,772	71,945	9,385	4,232	13,617	85,562
Interest	83	7	9	99	12	6	18	117
Miscellaneous	68,305	12,431	13,017	93,753	6,797	3,758	10,555	104,308
Postage	2,053	103	138	2,294	162	272	434	2,728
Professional fees and contract services	724,494	43,378	58,159	826,031	160,226	33,579	193,805	1,019,836
Promotional and advertising	13,144	1,111	1,481	15,736	9,366	926	10,292	26,028
Rental expense	20,007	1,884	3,855	25,746	2,178	1,089	3,267	29,013
Repairs and maintenance	65,194	10,312	12,500	88,006	6,383	3,888	10,271	98,277
Specific assistance to individuals	619,099	28,832	12,274	660,205	12,946	5,427	18,373	678,578
Telephone expense	63,322	7,372	7,084	77,778	7,360	5,207	12,567	90,345
Travel and transportation	14,148	1,242	1,602	16,992	2,033	1,001	3,034	20,026
Utilities	73,224	25,425	11,544	110,193	1,366	8,067	9,433	119,626
Total expenses before depreciation	10,035,003	499,225	357,824	10,892,052	1,619,125	88,095	1,707,220	12,599,272
Depreciation	347,609	32,354	2,365	382,328	21,548	-	21,548	403,876
Total expenses	\$ 10,382,612	\$ 531,579	\$ 360,189	\$ 11,274,380	\$ 1,640,673	\$ 88,095	\$ 1,728,768	\$ 13,003,148

See accompanying notes to the consolidated financial statements.

DAILY PLANET, INCORPORATED AND SUBSIDIARY

Consolidated Statements of Cash Flows Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,529,409	\$ (422,273)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	579,432	403,876
Capital campaign contributions	(2,156,240)	-
Changes in operating assets and liabilities:		
Patient accounts receivable, net	45,519	(82,964)
Other receivables	483,483	(409,950)
Prepaid expenses	(120,907)	17,886
Accounts payable and accrued expenses	3,066	37,926
Payroll withholdings	<u>(4,995)</u>	<u>(17,968)</u>
Net cash provided by (used in) operating activities	<u>358,767</u>	<u>(473,467)</u>
Cash flows used in investing activities:		
Purchase of property and equipment	<u>(7,227,918)</u>	<u>(2,795,609)</u>
Cash flows from financing activities:		
Proceeds from note payable	5,000,000	-
Capital campaign contribution	<u>2,156,240</u>	<u>-</u>
Net cash provided by financing activities	<u>7,156,240</u>	<u>-</u>
Change in cash and cash equivalents	287,089	(3,269,076)
Cash and cash equivalents, beginning of year	<u>3,622,416</u>	<u>6,891,492</u>
Cash and cash equivalents, end of year	<u>\$ 3,909,505</u>	<u>\$ 3,622,416</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest, including capitalized interest	<u>\$ 126,634</u>	<u>\$ 117</u>

See accompanying notes to the consolidated financial statements.

DAILY PLANET, INCORPORATED AND SUBSIDIARY

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies:

Description of Organization: The Daily Planet, Incorporated ("Daily Planet") 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. Daily Planet is supported primarily through contributions and governmental grants.

DPHS Properties, LLC ("DPHS") was formed in November 2024 for the purpose of leasing and rehabilitating certain real property located in Richmond, Virginia for use in the Daily Planet's programs. Daily Planet owns 100% of DPHS Properties, LLC. Daily Planet intends for the rehabilitation to qualify for Virginia historic tax credits, which will be assigned to a future investor member.

Principles of Consolidation: The accompanying consolidated financial statements include the resources and activities of Daily Planet, Incorporated and DPHS Properties, LLC (collectively, the "Organization"). All significant intercompany transactions and accounts are eliminated.

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, 2025 and 2024.

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, 2025, consist of a United Way Services' funding commitment of \$16,250 received for the 2026 fiscal year. Net assets with donor restrictions at June 30, 2024, consisted of a United Way Services' funding commitment of \$16,250 received for the 2025 fiscal year.

DAILY PLANET, INCORPORATED AND SUBSIDIARY

Notes to Consolidated Financial Statements, Continued

1. Summary of Significant Accounting Policies, Continued:

Cash and Cash Equivalents: For the purpose of reporting the consolidated 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.

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. At June 30, 2025, all construction in progress was completed and transferred to its proper classification within property and equipment. Interest of \$70,657 was capitalized as a component of buildings and improvements at June 30, 2025.

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.

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 credit losses, 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 \$701,000 at June 30, 2025, and \$743,000 at June 30, 2024. After reasonable collections efforts have been exhausted in accordance with the Organization's policies, patient accounts receivable are written off.

DAILY PLANET, INCORPORATED AND SUBSIDIARY

Notes to Consolidated Financial Statements, Continued

1. Summary of Significant Accounting Policies, Continued:

Revenue Recognition, Continued: 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, 2025, 2024, or 2023. Net accounts receivable were \$429,779 as of June 30, 2023. Contract liabilities include unearned income. There was no unearned income as of June 30, 2025, 2024, or 2023.

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 2025 and 2024.

DPHS Properties LLC is a single-member Virginia limited liability company and is a disregarded entity for income tax purposes in accordance with the Internal Revenue Code. Any taxable income or loss on its books is reported by Daily Planet, its member. Accordingly, no provision or liability for income taxes has been included in the accompanying consolidated financial statements.

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.

Contributions 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 consolidated 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.

DAILY PLANET, INCORPORATED AND SUBSIDIARY

Notes to Consolidated Financial Statements, Continued

1. Summary of Significant Accounting Policies, Continued:

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, 2025 and 2024, there were no unconditional promises to give.

In addition, the Organization has recorded receivables from United Way in the amount of \$16,250 in 2025 and 2024.

Concentrations: At June 30, 2025, one grantor accounted for 66% of other receivables. At June 30, 2024, two grantors accounted for 92% of other receivables. For 2025, one grantor accounted for 94% of federal government grants. For 2024, two grantors accounted for 89% of federal government grants.

Leases: The Organization accounts for leases in accordance with ASC 842, which 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.

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.

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 \$40,080 for 2025 and \$21,896 for 2024 and is for medical lab testing, clothing, toiletries, and other disposable items used in the operations of the Organization.

DAILY PLANET, INCORPORATED AND SUBSIDIARY

Notes to Consolidated Financial Statements, Continued

1. Summary of Significant Accounting Policies, Continued:

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.

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 December 2, 2025, the date the financial statements were available for issuance, and has determined that there are no subsequent events to be reported in the accompanying financial statements.

2. Property and Equipment:

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

	2025	2024
Land	\$ 1,718,936	\$ 1,718,936
Buildings and improvements	16,426,877	9,243,158
Furniture and equipment	1,193,337	499,608
Software	314,987	281,304
Vehicle	195,209	195,209
Construction in process	-	683,209
	<u>19,849,346</u>	<u>12,621,424</u>
Less accumulated depreciation	<u>4,287,549</u>	<u>3,708,113</u>
Net property and equipment	<u>\$ 15,561,797</u>	<u>\$ 8,913,311</u>

Depreciation expense amounted to \$579,432 for 2025 and \$403,876 for 2024.

DAILY PLANET, INCORPORATED AND SUBSIDIARY

Notes to Consolidated Financial Statements, Continued

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, 2025 and 2024, was \$229,221.

Effective December 2024, the Organization entered into a construction loan agreement with Atlantic Union Bank. The loan allows for maximum borrowings of \$5,000,000. The loan bears interest at a rate of 6.45%, with monthly payments of interest beginning in January 2025 and continuing through maturity at December 2026, at which time all outstanding principal and interest is due. As of June 30, 2025, the outstanding balance of the loan agreement was \$5,000,000.

Interest incurred was \$144,909 for 2025, of which \$70,657 was capitalized.

5. Net Patient Service Revenue:

For the years ended June 30, 2025, 2024 and 2023, patient service revenue, net of contractual allowances and discounts (but before the provision for credit losses), by primary payor source was as follows:

	2025	2024	2023
Third-Party Payors	\$ 3,437,988	\$ 3,287,778	\$ 3,653,447
Self-Pay	325,942	249,295	439,649
	<u>\$ 3,763,930</u>	<u>\$ 3,537,073</u>	<u>\$ 4,093,096</u>

DAILY PLANET, INCORPORATED AND SUBSIDIARY

Notes to Consolidated Financial Statements, Continued

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 in the Organization's lease was 3.93% as of June 30, 2025 and 2024. The remaining useful life was 2.58 years at June 30, 2025, and 3.58 years at June 30, 2024. Rent expense under this lease totaled \$12,687 during 2025 and 2024.

The Organization has other short-term lease agreements for office equipment and operational space. Short-term rent expense was \$23,222 for 2025 and \$16,326 for 2024.

Future minimum lease payments as of June 30, 2025, are as follows:

<u>Year</u>	<u>Amount</u>
2026	\$ 12,687
2027	12,687
2028	<u>3,172</u>
	\$ 28,546
Less: imputed interest	<u>(1,268)</u>
	<u>\$ 27,278</u>

7. Retirement Plan:

The Organization 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 \$159,248 for 2025 and \$146,286 for 2024.

DAILY PLANET, INCORPORATED AND SUBSIDIARY

Notes to Consolidated Financial Statements, Continued

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:

	<u>2025</u>	<u>2024</u>
Financial assets available within one year:		
Cash and cash equivalents	\$ 3,909,505	\$ 3,622,416
Patient accounts receivable, net	467,224	512,743
Other receivables	15,832	499,315
United Way Services funding commitment for the next fiscal year	<u>16,250</u>	<u>16,250</u>
Total	<u>4,408,811</u>	<u>4,650,724</u>
Less those unavailable for general expenditure within one year:		
Net assets with donor restrictions	<u>16,250</u>	<u>16,250</u>
Total	<u>16,250</u>	<u>16,250</u>
Financial assets available for general expenditure within one year	<u>\$ 4,392,561</u>	<u>\$ 4,634,474</u>

DAILY PLANET, INCORPORATED AND SUBSIDIARY

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Disbursements /Expenditures</u>
U.S. Department of Health and Human Services:		
Federal Assistance Listing No. 93.224:		
Health Care for the Homeless	93.224	\$ 3,277,277
American Relief Plan Capital	93.224	169,279
24H8N	93.224	275,605
23H8LCS	93.224	18,380
SNAP	93.224	<u>76,765</u>
Total expenditures under Federal Assistance Listing No. 93.224		3,817,306
Ryan White Care Act Part B	93.917	<u>2,352,161</u>
Total U.S. Department of Health and Human Services		<u>6,169,467</u>
U.S. Department of Housing and Urban Development:		
Supportive Housing Program - Safe Haven - No. VA36B94-0066	14.235	365,388
Passed Through City of Richmond Passed Through Department of Justice Services Continuum of Care Program	14.267	<u>56,539</u>
Total U.S. Department of Housing and Urban Development		<u>421,927</u>
Total		<u>\$ 6,591,394</u>

See independent auditor's report.

DAILY PLANET, INCORPORATED AND SUBSIDIARY

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2025

1. Basis of Presentation:

The accompanying scheduled of expenditures of federal awards includes the federal grant activity of Daily Planet, Incorporated under the programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a select portion of the operations of Daily Planet, Incorporated, it is not intended and does not present the financial position, changes in net assets, or cash flows of Daily Planet, Incorporated.

2. Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate:

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

See independent auditor's report.

**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 statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 2, 2025.

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.

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.

A handwritten signature in black ink, appearing to read "Keita", with a stylized flourish extending from the end.

December 2, 2025
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, 2025. 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, 2025.

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.

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.



December 2, 2025
Glen Allen, Virginia

DAILY PLANET, INCORPORATED AND SUBSIDIARY

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2025

Not Applicable

DAILY PLANET, INCORPORATED AND SUBSIDIARY

Schedule of Findings and Questioned Costs Year Ended June 30, 2025

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 Center Cluster, 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 AND SUBSIDIARY

Corrective Action Plan
Year Ended June 30, 2025

Not Applicable