Direkt36 Transparency Report

2022



Basics

Direkt36 is a non-profit **investigative journalism center** in Hungary. Our mission is to scrutinise those in political and economic power and expose public interest affairs hidden by those in power. Our method is based on persistent questioning and systematic investigative work. What we learn this way is then shared with the public in an objective way, based on solid facts. We are independent of all political and economic interest groups, and **our professional decisions are made free from any outside influence.** Our most important source of income is our audience: **thousands of people have joined our circle of supporters** over the course of our operations.

The publisher Direkt36 Nonprofit Ltd. is a **public benefit**, **not-for-profit enterprise**, where no dividends can be paid to owners. The company's funds are used for our operations, to achieve our goals. When financial resources are available, we add new staff, carry out higher-cost investigative projects and build up reserves.

Our investigations

Direkt36's investigative articles are published on our own website (<u>www.direkt36.hu</u>) and on the website of our partner, news portal Telex. Our articles reached a total of **3,065,772 page impressions** on these two platforms in 2022.

The most read article on our own site was <u>Inside Viktor Orbán's war for Index, Hungary's most influential news website</u> (it was not published on Telex in agreement with their editorial team, who were involved in the story). The second most page views here were for the English version of our article on Russian hackers in the Hungarian foreign ministry - this shows that Direkt36's investigative articles are not only having impact in Hungary.

On Telex, these were our most viewed articles of the year:

- 1. A brand new Porsche, a special Ferrari, and billionaire businesses show the rise of Matolcsy's circle
- 2. <u>Putin's hackers gained full access to Hungary's foreign ministry networks, the Orbán government has been unable to stop them</u>
- 3. Inside the opposition's crushing defeat against Viktor Orbán
- 4. "Please, don't report about this at all! Thanks!" How the Hungarian state news agency censors politically unpleasant news
- 5. <u>Leaked documents show how Orbán's circle dictates the news at Hungary's state news agency</u>
- 6. Inside Viktor Orbán's Response to the War in Ukraine
- 7. Inside Orbán's Fidesz party preparing for Hungary's parliamentary election
- 8. <u>Spies, business deals and criminals. How Orbán favors Russian interests instead of Western</u> ones
- 9. Leaked files of Uber reveal secret lobbying operations in Hungary
- 10. Cables show how Orbán's diplomats gather information on journalists

People

2022 was a year of change: one of our founders, Gergő Sáling, left the team (and the media) in the autumn, in a friendly and well-prepared manner, and handed over his share of ownership to his founding partner András Pethő. András continues to lead Direkt36's professional work, while financial and other operational tasks were taken over by Péter Nádori, who arrived in February. During the year, **three more new staff members** joined Szabolcs Panyi, András Szabó, Dániel Szőke and Zsuzsanna Wirth, who have been working for Direkt36 for years. Patrik Galavits and Kamilla Marton are journalists, while Borbála Pál is our new nonprofit manager.



The Direkt36 team in 2022. From left to right: András Szabó, Szabolcs Panyi, Patrik Galavits, Kamilla Marton, András Pethő, Péter Nádori, Zsuzsanna Wirth, Dániel Szőke, Borbála Pál

Support from private individuals

Thanks to the support of individuals, Direkt36's independence is guaranteed, the financial basis of our operations is stable and we have reserves to draw on in the event of a crisis or a radical change in external conditions. Anyone who supports us can be sure that Direkt36 will still be there in five years' time, upholding the same values and doing the same work as it does today.

In 2022, we received **close to 66 million forints** from so-called **micro-donations** - regular or one-off contributions from individuals, typically between HUF 500 and HUF 60,000 each - (in nominal terms, this is about 113% of the previous year's amount - but less in real terms due to high inflation.) The amount was made up of about 18,000 donations, which means that a donation averaged about HUF 3,700.

Direkt36 is published by a private limited company and therefore cannot directly collect personal income tax 1% donations. However, the Foundation of Independent Journalists has been working with us for years, we campaign together during the tax filing period, and, in accordance with the information provided in the campaign, a significant part of the 1% donations they receive is given to Direkt36 as a grant for investigative articles, as decided by the Foundation's board. This source is playing an increasingly important role in the funding of our work: in 2022, we received HUF 13,113,804 from the Foundation of Independent Journalists.

Institutional grants

Collectives like Direkt36, which perform tasks essential to democracy on a non-commercial basis, can receive grants from a number of international foundations and other organisations. (It is a peculiarity of the Hungarian situation that there is no domestic organisation with a social purpose to which collectives like ours could turn for support.) As Direkt36 has been carrying out high-quality, high-impact investigative work for almost ten years, with clear objectives and principles, and a lean and transparent management, we have received support from several institutions over the years. We only accept this from institutions that do not interfere in any way with our work.

In 2022, we received funding for Direkt36 from three institutional sources:

- the <u>Sigrid Rausing Trust</u> in London, which supports our work for three years (the program will end in October 2023),
- The Brussels-based <u>Civitates Foundation</u> (itself a consortium of several foundations) provides support for three years (until the end of 2023),
- the <u>Foundation for Democracy & Pluralism</u> in Båstad, Sweden, supports Direkt36 for two years (until June 2024).

Grants are usually paid in advance for periods of one or more years, which is why Direkt36 received an exceptionally high amount of about HUF 86.5 million in 2022. However, we have to manage this over a period of several years, until 2024. The amounts received in this way are accrued in our budget and can only be used for the supported activity - in our case, investigative journalism - and, of course, it must be accounted for under strict conditions.

Costs

Direkt36 cost close to HUF 87 million to run in 2022. We are proud to say that, thanks to our individual supporters, we could have financed this for the whole year even if we had not received any institutional support (with a shortfall of around HUF 500,000). We have set up two reserve funds (a development fund and a defence fund) from funds not used for day-to-day operations.

The vast majority of our expenditure - over 80% in 2022 - was staff costs, i.e. staff salaries and related taxes and contributions. The remaining part, less than 20%, is made up of costs related to the maintenance of the office, financial, legal and IT services used, and travel. Marketing and advertising, mainly for the autumn fundraising campaign, accounted for less than 2% of total expenditure.

Other issues

In compiling our transparency report, we have tried to ensure that all relevant information is included and that it is clear, concise and transparent itself. The annual financial statements of Direkt36 Nonprofit Ltd. can be found on our website: https://www.direkt36.hu/beszamolok/.

We are happy to answer any further questions you may have about our operations and management - please send us an e-mail. Address: info@direkt36.hu.

The graphic in the report was created by Péter Somogyi / Szarvas, Telex. Group photo: Képszerkesztőség.

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