

Financial Statements

The Veritas Forum, Inc.
(a nonprofit organization)
Year Ended June 30, 2022



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Veritas Forum, Inc.
Cambridge, Massachusetts

Opinion

We have audited the financial statements of The Veritas Forum, Inc., which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Veritas Forum, Inc. as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Veritas Forum, Inc. and to meet our other ethical responsibilities, in accordance with the 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 audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Veritas Forum, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

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 GAAS 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 GAAS, 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 Veritas Forum, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Veritas Forum, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited The Veritas Forum, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 8, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Harris CPAs

Meridian, Idaho
October 14, 2022

THE VERITAS FORUM, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2022
With Comparative Totals as of June 30, 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Assets		
Cash and cash equivalents	\$ 4,190,365	\$ 3,593,191
Accounts receivable	620,688	188,344
Prepaid expenses	394,773	32,428
Other assets	<u>6,147</u>	<u>7,622</u>
Total Assets	<u>\$ 5,211,973</u>	<u>\$ 3,821,585</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 234,831	\$ 183,629
Accrued payroll and related costs	296,072	192,733
Accrued expenses	2,565	4,226
Refundable advance – PPP Loan	<u>0</u>	<u>220,910</u>
Total Liabilities	533,468	601,498
Net Assets		
Without donor restrictions	2,099,258	1,078,314
With donor restrictions	<u>2,579,247</u>	<u>2,141,773</u>
Total Net Assets	<u>4,678,505</u>	<u>3,220,087</u>
Total Liabilities and Net Assets	<u>\$ 5,211,973</u>	<u>\$ 3,821,585</u>

See notes to financial statements.

THE VERITAS FORUM, INC.
STATEMENTS OF ACTIVITIES
For the Year Ended June 30, 2022
With Comparative Totals for the Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022 Total</u>	<u>2021 Total</u>
Revenue and Other Support				
General donations	\$ 2,545,660	\$ 3,182,482	\$ 5,728,142	\$ 3,344,806
PPP loan forgiveness	222,624		222,624	186,062
Publishing revenue	696		696	710
In-Kind contributions	14,500		14,500	4,100
Other income	<u>982</u>		<u>982</u>	<u>50</u>
	2,784,462	3,182,482	5,966,944	3,535,728
Net assets released from restrictions	<u>2,745,008</u>	<u>(2,745,008)</u>	<u>0</u>	<u>0</u>
Total Revenue	5,529,470	437,474	5,966,944	3,535,728
Expenses				
Program	3,488,299		3,488,299	1,971,508
Supporting Services				
Administrative	340,405		340,405	223,781
Fundraising	<u>679,871</u>		<u>679,871</u>	<u>572,610</u>
Total Supporting Services	<u>1,020,276</u>	<u>0</u>	<u>1,020,276</u>	<u>796,391</u>
Total Expenses	<u>4,508,575</u>	<u>0</u>	<u>4,508,575</u>	<u>2,767,899</u>
Change in Net Assets from Operations	1,020,895	437,474	1,458,369	767,829
Unrealized gain/(loss) on investments	<u>49</u>		<u>49</u>	<u>327</u>
Change in Net Assets	1,020,944	437,474	1,458,418	768,156
Net Assets				
Beginning of Year	<u>1,078,314</u>	<u>2,141,773</u>	<u>3,220,087</u>	<u>2,451,931</u>
End of Year	<u>\$ 2,099,258</u>	<u>\$ 2,579,247</u>	<u>\$ 4,678,505</u>	<u>\$ 3,220,087</u>

See notes to financial statements.

THE VERITAS FORUM, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2022
With Comparative Totals for the Year Ended June 30, 2021

	<u>Program</u>	<u>Supporting Services</u>		<u>2022 Total</u>	<u>2021 Total</u>
		<u>Administrative</u>	<u>Fundraising</u>		
Salaries and benefits	\$ 1,137,765	\$ 37,127	\$ 470,155	\$ 1,645,047	\$ 1,388,233
Contract services	1,211,959	195,084	8,541	1,415,584	644,726
Travel and entertainment	355,248	37,541	32,284	425,073	17,463
Office expense	112,244	58,143	48,150	218,537	132,998
Employee benefits	121,326	1,879	52,130	175,335	102,268
Payroll taxes	99,370	1,420	41,168	141,958	136,146
Advertising	141,707			141,707	29,725
Local forum expense	126,540			126,540	46,041
International grants	125,225			125,225	147,357
Rent and occupancy	26,517	788	8,420	35,725	30,872
Contract wages	18,695		11,543	30,238	27,983
National grants	10,500			10,500	0
Depreciation				0	128
Other expenses	<u>1,203</u>	<u>8,423</u>	<u>7,480</u>	<u>17,106</u>	<u>63,959</u>
Total expenses	<u>\$ 3,488,299</u>	<u>\$ 340,405</u>	<u>\$ 679,871</u>	<u>\$ 4,508,575</u>	<u>\$ 2,767,899</u>

See notes to financial statements.

THE VERITAS FORUM, INC.
STATEMENTS OF CASH FLOWS
For the Year Ended June 30, 2022
With Comparative Totals for the Year Ended June 30, 2021

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 1,458,418	\$ 768,156
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	0	128
Changes in operating assets and liabilities:		
Accounts receivable	(432,344)	74,306
Prepaid expenses	(362,345)	3,191
Other assets	1,475	7,403
Accounts payable	51,202	54,287
Accrued payroll and related costs	103,339	44,624
Accrued expenses	(1,661)	4,226
Refundable advance – PPP Loan	<u>(220,910)</u>	<u>36,168</u>
Net Cash Provided by Operating Activities	597,174	992,489
Cash and Cash Equivalents		
Beginning of Year	<u>3,593,191</u>	<u>2,600,702</u>
End of Year	<u>\$ 4,190,365</u>	<u>\$ 3,593,191</u>

See notes to financial statements.

THE VERITAS FORUM, INC.

NOTES TO FINANCIAL STATEMENTS

Note A – Significant Accounting Policies

Nature of the Organization

The Veritas Forum, Inc., Inc. (the Organization) is a nonprofit corporation organized on December 7, 1999. The Organization's mission is to create forums for the exploration of true life. The forums seek to inspire the individuals that will shape tomorrow's culture and to connect their most difficult questions with the person and the story of Jesus Christ.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Organization reports net assets, revenues, expenses, gains and losses according to two classes of net assets: with donor restrictions and without donor restrictions. Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. Net asset with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. All net assets with donor restrictions are restricted for the purpose of use within the program for which the grants or donations were received

Use of Estimates

The Organization uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers its short-term, highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

The Organization maintains cash balances in banks. These balances are insured by the Federal Deposit Insurance Corporation for up to \$250,000 per institution. As of June 30, 2022 and 2021, the uninsured portion of these balances was \$3,899,218 and \$3,302,143, respectively.

During the year ended June 30, 2022, two donors made up 31% of total gross revenues.

THE VERITAS FORUM, INC.

NOTES TO FINANCIAL STATEMENTS

Note A – Significant Accounting Policies (Continued)

Prepaid Expenses

Prepaid expenses consist of prepaid expenses related to forums. Total prepaid expenses for the years ended June 30, 2022 and 2021 were \$394,773 and \$32,428, respectively. All prepaid amounts are recorded at fair value.

Fair Value

The Organization uses fair value for reporting financial assets and liabilities. A hierarchy for reporting the reliability of input measurements is used to assess fair value for all assets and liabilities. Fair Value is defined as the selling price that would be received for an asset, or paid to transfer a liability, in the principal or most advantageous market on the measurement date. The hierarchy established prioritizes fair value measurements based on the types of inputs used in the valuation technique. Certain financial instruments are carried at cost on the statements of financial position, which approximates fair value due to their short term, highly liquid nature.

Property and Equipment

Property and equipment is stated at cost or, if donated, at the estimated fair market value at the date of donation. Purchases under \$2,500 are expensed rather than capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. All property and equipment has been fully depreciated during the current year.

Contributions

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as contributions with donor restrictions that increases that net asset class. When donor restrictions expire, that is, when a time restriction ends and/or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

In-kind Contributions

Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of donated services are recorded at their fair values in the period received. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses or additions to property and equipment. For the years ended June 30, 2022 and 2021 donated services were valued at \$14,500 and \$4,100, respectively.

THE VERITAS FORUM, INC.

NOTES TO FINANCIAL STATEMENTS

Note A – Significant Accounting Policies (Continued)

Advertising

The Organization uses advertising and promotion through social media, online advertisements, and on the Organization's website to promote its programs among the community it serves. The costs of advertising are expensed as incurred. Advertising expenses totaled \$141,707 and \$29,725 for the years ended June 30, 2022 and 2021, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and payroll expenses are allocated based on the estimates of employees' time and effort. Occupancy related costs including depreciation, Utilities, and repairs and maintenance are allocated based on square footage. Administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Uncertain Tax Positions

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as a liability for fiscal year 2022.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Internal Revenue Code Section 501(c)(3), and comparable state law. Accordingly, no provision for income taxes is made in the financial statements.

Subsequent Events

The Organization has evaluated subsequent events through October 14, 2022, which is the date the financial statements were available to be issued.

THE VERITAS FORUM, INC.
NOTES TO FINANCIAL STATEMENTS

Note B – Liquidity and Availability of Resources

The Organization’s financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Financial assets available within one year	
Cash and cash equivalents	\$ 4,190,365
Accounts receivable	<u>620,688</u>
Total financial assets available within one year	4,811,053
Less amounts unavailable for general expenditures within one year, due to :	
Restricted by donor imposed time or purpose restrictions	<u>(2,579,247)</u>
Total financial assets available within one year after restriction	<u>\$ 2,231,806</u>

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. At June 30, 2022, all net assets without donor restrictions are available for expenditures expected in the upcoming year.

Note C – Property and Equipment

At June 30, equipment consisted of the following:

	<u>2022</u>	<u>2021</u>
Computer equipment	\$ 20,075	\$ 20,075
Website development	<u>129,480</u>	<u>129,480</u>
	149,555	149,555
Less accumulated depreciation	<u>(149,555)</u>	<u>(149,555)</u>
Equipment, net	<u>\$ 0</u>	<u>\$ 0</u>

For the years ended June 30, 2022 and 2021, the Organization recognized \$0 and \$128 in depreciation expense, respectively

THE VERITAS FORUM, INC.
NOTES TO FINANCIAL STATEMENTS

Note D – Net Assets

The detail of the Organization’s net asset categories at June 30, are as follows:

	<u>2022</u>	<u>2021</u>
Net assets without donor restrictions	\$ 2,099,258	\$ 1,078,314
Net assets with donor imposed time or purpose restrictions	<u>2,579,247</u>	<u>2,141,773</u>
Total net assets	<u>\$ 4,678,505</u>	<u>\$ 3,220,087</u>

Note E – Operating Leases

The Organization leases office space as a tenant-at-will from CIC Innovation Communities, LLC. The lease terms are month to month and the monthly fee varies based on facility and parking usage. For the years ended June 30, 2022 and 2021, rent expense was \$35,725 and \$30,872, respectively.

Note F – Retirement Plan

The Organization provides a defined contribution and profit-sharing plan under Section 401(k) of the Internal Revenue Code. All of employees of the Organization are eligible to participate in the Plan after one year of service (of 1,000 hours or more). Discretionary contributions may be made by the Organization. Contributions of \$37,402 and \$24,616 were made by the Organization for the year ended June 30, 2022 and 2021, respectively.

Note G – PPP Loan

Pursuant to the Paycheck Protection Program (“PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020, the Organization could only use funds from the PPP Loan for purposes specified in the CARES Act and related PPP rules, which included payroll costs, costs used to continue group health care benefits, rent, and utilities; other uses would constitute a default under the PPP Loan. Under the terms of the PPP, certain amounts of the PPP Loan could be forgiven if they were used for qualifying expenses as described in the CARES Act during the 24-week period commencing on the date of disbursement of the PPP Loan. The Organization considers the conditions of this contribution to have been substantially met once the lender has approved forgiveness of the PPP Loan.

THE VERITAS FORUM, INC.
NOTES TO FINANCIAL STATEMENTS

Note G – PPP Loan (Continued)

In April 2020, the Organization was granted a PPP Loan from the SBA in the amount of \$184,454. The PPP Loan was set to mature in April 2022 and bore interest at a rate of 1.00% per annum, with payments commencing in October 2021. After meeting the required terms of the PPP, the Organization applied for forgiveness. The entirety of the PPP Loan was forgiven on April 7, 2021 and recognized as a contribution in the current year.

In March, 2021, the Organization was granted a second PPP Loan from the SBA in the amount of \$220,276. The PPP Loan matures in March 2026 and bore interest at a rate of 1.00% per annum, with payments commencing in March 2022. After meeting the required terms of the PPP, the Organization applied for forgiveness. The entirety of the PPP Loan was forgiven on April 8, 2022 and recognized as a contribution in the current year.