

The Veritas Forum, Inc.

Financial Statements

June 30, 2020

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of The Veritas Forum, Inc., which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activity, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Veritas Forum, Inc., as of June 30, 2020 and 2019, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Cree Alessandri & Strauss

Cree Alessandri & Strauss CPAs LLC
October 12, 2020

The Veritas Forum, Inc.
Statements of Financial Position

Assets	June 30,	
	2020	2019
Current Assets		
Cash and cash equivalents	\$ 2,600,702	\$ 1,110,792
Accounts & grants receivable, net of \$0 allowance	262,650	637,683
Prepaid expenses	13,893	12,100
Total current assets	2,877,245	1,760,575
Computers and Equipment		
Computers & equipment	20,075	20,075
Furniture and equipment	129,480	129,480
	149,555	149,555
Less: accumulated depreciation	(149,427)	(148,620)
Net computers and equipment	128	935
Other Assets		
Investments	1	4,916
Deposits	15,023	14,524
Total other assets	15,024	19,440
Total assets	\$ 2,892,397	\$ 1,780,950
Liabilities and Net Assets		
Current liabilities		
PPP loan payable	\$ 184,454	\$ -
Accounts payable	129,342	143,276
Accrued expenses	148,396	147,109
Total current liabilities	462,192	290,385
Net assets		
Without donor restrictions	775,860	147,973
With donor restrictions	1,654,345	1,342,592
Total net assets	2,430,205	1,490,565
Total liabilities and net assets	\$ 2,892,397	\$ 1,780,950

The accompanying Independent Auditor's Report and notes are an integral part of these financial statements.

The Veritas Forum, Inc.
Statements of Activity
Years Ended June 30,

	2020			2019		
	Without donor Restrictions	With donor Restrictions	Total	Without donor Restrictions	With donor Restrictions	Total
Revenue and support						
Contributions and grants	\$ 1,796,636	\$ 1,826,950	\$ 3,623,586	\$ 776,002	\$ 1,630,334	\$ 2,406,336
In kind donations of goods and services	5,504		5,504	2,338		2,338
Publications	752		752	1,594	-	1,594
Other income	538		538	71,748	-	71,748
Interest and dividends	121		121	129	-	129
Net assets released from restriction						
Satisfaction of program restriction	1,515,198	(1,515,198)	-	1,838,682	(1,838,682)	-
Total revenue and support	3,318,749	311,752	3,630,501	2,690,493	(208,348)	2,482,145
Expenses						
Program services	1,975,743	-	1,975,743	2,458,280	-	2,458,280
Management and general	195,419	-	195,419	153,581	-	153,581
Fundraising	519,699	-	519,699	391,837	-	391,837
Total expenses	2,690,861	-	2,690,861	3,003,698	-	3,003,698
Change in net assets from operations	627,888	311,752	939,640	(313,205)	(208,348)	(521,553)
Unrealized gain/(loss) on investments	-	-	-	719		719
Increase (Decrease) in net assets	627,888	311,752	939,640	(312,486)	(208,348)	(520,834)
Net assets, beginning of year	147,972	1,342,593	1,490,565	460,458	1,550,941	2,011,399
Net assets, end of year	\$ 775,860	\$ 1,654,345	\$ 2,430,205	\$ 147,972	\$ 1,342,593	\$ 1,490,565

The accompanying Independent Auditor's Report and notes are an integral part of these financial statements.

The Veritas Forum, Inc.
Statements of Functional Expenses
Years Ended June 30,

	2020				2019			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries	\$ 741,722	\$ 39,353	\$ 306,932	\$ 1,088,007	\$ 903,597	\$ 12,166	\$ 253,940	\$ 1,169,703
Employee benefits	44,866	2,288	22,856	70,010	46,118	1,043	17,175	64,336
Payroll taxes	61,891	3,868	30,945	96,704	76,977	1,790	10,741	89,508
Total salaries and benefits	848,479	45,509	360,733	1,254,721	1,026,692	14,999	281,856	1,323,547
Travel and entertainment expenses	257,226	9,056	52,652	318,934	405,511	19,457	40,829	465,797
Professional fees	150,926	49,550	21,181	221,657	292,711	58,141	27,525	378,377
Direct grants	121,387	-	-	121,387	165,072	-	-	165,072
Videography & media	70,531	-	11,696	82,227	-	-	-	-
Administration & operations services	162,189	18,875	7,683	188,747	-	-	-	-
Local forum expenses	58,680	-	0	58,680	143,671	1,846	968	146,485
Honariums	110,381	-	300	110,681	115,048	-	-	115,048
Facility and equipment expenses	69,287	4,266	34,130	107,683	92,734	2,035	12,209	106,978
Contract labor	37,194	-	-	37,194	71,519	1,500	620	73,639
Scholar stipends	25,900	0	0	25,900	53,500	-	-	53,500
Office supplies and expense	4,688	8,109	2,625	15,422	24,352	13,831	584	38,767
Printing & copying	6,187	2,599	5,673	14,459	-	-	-	-
Marketing	5,038	-	1,961	6,999	9,204	2,491	15,871	27,566
Website	6,249	10,374	0	16,623	10,291	7,522	-	17,813
Payroll services	4,688	3,624	8,110	16,422	13,088	304	1,826	15,218
Internet and phone services	7,589	323	4,096	12,008	12,905	190	1,913	15,008
Conferences and seminars	357	-	297	654	7,950	-	4,597	12,547
Computer expenses	14,597	11,211	4,720	30,528	4,962	5,994	1,343	12,299
Bank service charges	351	10,316	0	10,667	-	10,254	-	10,254
Uncollectible receivable	-	-	-	-	-	6,058	-	6,058
Postage and delivery	1,559	1,870	1,937	5,366	1,586	1,126	1,007	3,719
Other expenses	9,787	9,157	954	19,898	636	2,095	95	2,826
Dues and subscriptions	799	2,415	228	3,442	-	2,375	294	2,669
In kind services	0	5,504	-	5,504	2,337	-	-	2,337
Book expense	1,232	11	22	1,265	1,890	378	39	2,307
Insurance	-	-	701	701	309	1,923	-	2,232
401(k) administration fees	-	2,285	-	2,285	1,870	44	261	2,175
Depreciation and amortization	442	365	-	807	442	1,018	-	1,460
	\$ 1,975,743	\$ 195,419	\$ 519,699	\$ 2,690,861	\$ 2,458,280	\$ 153,581	\$ 391,837	\$ 3,003,698

The accompanying Independent Auditor's Report and notes are an integral part of these financial statements.

The Veritas Forum, Inc.
Statements of Cash Flows
Years Ended June 30,

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ 939,640	\$ (520,834)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	807	1,460
(Increase) decrease in:		
Accounts & grants receivable	375,033	486,857
Prepaid expenses and other assets	2,623	(18,106)
Increase (decrease) in:		
Accounts payable	(13,934)	(481)
Accrued expenses	1,287	109,109
Net cash (used)/provided by operating activities	<u>1,305,456</u>	<u>58,005</u>
Cash flows from financing activities		
Receipt from forgivable PPP loan	<u>184,454</u>	<u>0</u>
Net cash (used)/provided by investing activities	<u>184,454</u>	<u>0</u>
Net (decrease)/increase in cash	1,489,910	58,005
Cash and cash equivalents, beginning of year	<u>1,110,792</u>	<u>1,052,787</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,600,702</u></u>	<u><u>\$ 1,110,792</u></u>
Supplemental Disclosures of Cash Flow Information		
Cash paid for:		
Interest expense	<u>\$ -</u>	<u>\$ -</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>

The accompanying Independent Auditor's Report and notes are an integral part of these financial statements.

The Veritas Forum, Inc.
Notes to Financial Statements
June 30, 2020

Note 1 - The Organization

The Veritas Forum, 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.

Note 2 - Significant Accounting Policies

Basis of Accounting

These financial statements are prepared in accordance with accounting principles generally accepted in the United States of America utilizing the accrual basis of accounting. Under this method, revenue is recognized when earned or when notified of a grant and expenses are recognized when incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period covered by the financial statements. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt/equity instruments purchased with original maturity of three months or less to be cash equivalents.

Net Assets and Revenue Recognition

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor restrictions. The governing board may designate, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

The Veritas Forum, Inc.
Notes to Financial Statements
June 30, 2020

Note 2 - Significant Accounting Policies (continued)

Net Assets and Revenue Recognition (continued)

Net Assets with Donor Restrictions – Net assets subject to donor-imposed restriction. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Donated Goods and Services

Certain amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. Individuals volunteer their time and perform a variety of tasks that assist the Organization including board positions and committee assignments. Since these services do not require skills that would typically need to be purchased if not provided by donation of time, the value of these services is not reflected in the accompanying statement of activity and changes in net assets.

Accounts and Grants Receivable

Accounts and grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debts expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management believes that all amounts are currently collectible, and no allowance is needed. The Organization was not able to collect accounts and grant receivables of \$6,058 for the year ended June 30, 2019 and did not have any bad debts expense for the year ended June 30, 2020.

Investments

The Organization reports investment income and gains and losses on investments as increases or decreases in unrestricted net assets, unless the donor temporarily restricts their use. Any investment income in 2020 and 2019 has been recorded as unrestricted revenue and was used to support the Organization's general activities.

The Veritas Forum, Inc.
Notes to Financial Statements
June 30, 2020

Note 2 - Significant Accounting Policies (continued)

Computers and Equipment

All acquisitions of computers and equipment in excess of \$2,500 and all expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized. Computers and equipment are recorded at cost or at fair market at the date of donation. The cost or fair market value of computers and equipment is depreciated over their estimated useful lives utilizing the straight-line method. Computers and software are depreciated over a 5-year life and furniture over a 7-year life.

Depreciation expense amounted to \$807 and \$1,460 for the years ended June 30, 2020 and 2019, respectively.

Advertising

Advertising costs are expensed as incurred.

Income Taxes

Tax returns for years ended June 30, 2017 and prior are no longer available for review by the Internal Revenue Service.

Subsequent Events

The management has evaluated subsequent events through October 12, 2020, the date at which the revised statements were approved and available for issuance.

Note 3 – Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC 820 and its applicability to the Organization's financial statements are described:

Level 1 – Pricing inputs are quoted prices available in active markets for identical investments as of the reporting date. As required by the FASB "Fair Value Measurements and Disclosures" topic, the Organization does not adjust the quoted price for these investments, even in situations where the Organization holds a large position and a sale could reasonably impact the quoted price.

Investments of \$4,916 for 2019 are Level 1 assets.

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Note 3 – Fair Value Measurements (continued)

Level 2 – Pricing inputs are quoted prices for similar investments, or inputs that are observable, either directly or indirectly, for substantially the full term through corroboration with observable market data. Level 2 includes investments valued at quoted prices adjusted for legal or contractual restrictions specific to these investments.

Level 3 – Pricing inputs are unobservable for the investment, that is, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability. Level 3 includes investments that are supported by little or no market activity.

Note 4 – Lease Commitments

The Organization leases office space, as a tenant-at-will, from CIC Innovation Communities, LLC in Cambridge, MA.

Note 5 - Net Assets with Donor Restrictions

The Organization had net assets with donor restrictions at June 30, 2020, of \$1,654,345 and at June 30, 2019 of \$1,342,592. The donor restricted net assets will be released from the restrictions upon the incurrence of expenses or the occurrence of events to satisfy the restrictive provisions of the donation.

Note 6 – Retirement Plan

The Organization provides a defined contribution and profit-sharing plan under Section 401(k) of the Internal Revenue Code. All 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 \$14,716 and \$9,879 were made by the Organization for the years ended June 30, 2020 and 2019, respectively.

Note 7 - Concentration of Credit Risk

The Organization's cash balances in financial institutions at times may exceed federally insured limits. The Organization monitors the banks on a regular basis and has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

Note 8 – Significant Contributors

In the year ended June 30, 2020, the Organization had one significant contributor representing 21.5% of total contributions on an accrual basis.

The Veritas Forum, Inc.
Notes to Financial Statements
June 30, 2020

Note 9 – COVID-19

In early March 2020, the COVID-19 virus was declared a global pandemic, resulting in federal, state and local governments mandating various restrictions. Due to public health concerns, and guidelines, in-person programing and events were suspended or curtailed. The Board and Management are continuing to monitor operational and financial contingency plans to address interruptions in the mission critical programming caused by the emergency. The Veritas Forum, Inc.'s priorities are to ensure the safety of our staff, and clients, and future ongoing operations. The Veritas Form, Inc. has received funds from the SBA CARES Act loan program and will rely on contributions to meet operational expenses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the restrictions, and the related financial impact cannot be estimated at this time.