

Financial Statements

The Veritas Forum, Inc.
(a nonprofit organization)
Years Ended June 30, 2023 and 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, 2023, 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, 2023, 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 of financial statements and an audit of internal control over financial reporting in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 financial statement audit in order to design audit procedures that are appropriate in the circumstances.
- 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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 14, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Harris CPAs

Meridian, Idaho
October 3, 2023

THE VERITAS FORUM, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2023
With Comparative Totals as of June 30, 2022

| | <u>2023</u> | <u>2022</u> |
|-----------------------------------|---------------------|---------------------|
| ASSETS | | |
| Assets | | |
| Cash and cash equivalents | \$ 3,591,648 | \$ 4,190,365 |
| Accounts receivable | 1,023,364 | 620,688 |
| Prepaid expenses | 142,732 | 394,773 |
| Other assets | <u>6,147</u> | <u>6,147</u> |
| Total Assets | <u>\$ 4,763,891</u> | <u>\$ 5,211,973</u> |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Accounts payable | \$ 150,624 | \$ 234,831 |
| Accrued payroll and related costs | 364,895 | 296,072 |
| Accrued expenses | <u>252,344</u> | <u>2,565</u> |
| Total Liabilities | 767,863 | 533,468 |
| Net Assets | | |
| Without donor restrictions | 1,917,502 | 2,099,258 |
| With donor restrictions | <u>2,078,526</u> | <u>2,579,247</u> |
| Total Net Assets | <u>3,996,028</u> | <u>4,678,505</u> |
| Total Liabilities and Net Assets | <u>\$ 4,763,891</u> | <u>\$ 5,211,973</u> |

See notes to financial statements.

THE VERITAS FORUM, INC.
STATEMENTS OF ACTIVITIES
For the Year Ended June 30, 2023
With Comparative Totals for the Year Ended June 30, 2022

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>2023 Total</u> | <u>2022 Total</u> |
|---------------------------------------|--|---|------------------------------|------------------------------|
| Revenue and Other Support | | | | |
| Contributions | \$ 2,313,188 | \$ 3,324,429 | \$ 5,637,617 | \$ 5,728,142 |
| Employee retention tax credit | 79,687 | | 79,687 | 0 |
| Contributed nonfinancial assets | 8,000 | | 8,000 | 14,500 |
| Publishing revenue | 449 | | 449 | 696 |
| PPP loan forgiveness | 0 | | 0 | 222,624 |
| Other income | <u>12,508</u> | <u></u> | <u>12,508</u> | <u>1,031</u> |
| | 2,413,832 | 3,324,429 | 5,738,261 | 5,966,993 |
| Net assets released from restrictions | <u>3,825,150</u> | <u>(3,825,150)</u> | <u>0</u> | <u>0</u> |
| Total Revenue | 6,238,982 | (500,721) | 5,738,261 | 5,966,993 |
| Expenses | | | | |
| Program | 4,809,797 | | 4,809,797 | 3,488,299 |
| Supporting Services | | | | |
| Administrative | 626,865 | | 626,865 | 340,405 |
| Fundraising | <u>984,076</u> | <u></u> | <u>984,076</u> | <u>679,871</u> |
| Total Supporting Services | <u>1,610,941</u> | <u>0</u> | <u>1,610,941</u> | <u>1,020,276</u> |
| Total Expenses | <u>6,420,738</u> | <u>0</u> | <u>6,420,738</u> | <u>4,508,575</u> |
| Change in Net Assets | (181,756) | (500,721) | (682,477) | 1,458,418 |
| Net Assets | | | | |
| Beginning of Year | <u>2,099,258</u> | <u>2,579,247</u> | <u>4,678,505</u> | <u>3,220,087</u> |
| End of Year | <u>\$ 1,917,502</u> | <u>\$ 2,078,526</u> | <u>\$ 3,996,028</u> | <u>\$ 4,678,505</u> |

See notes to financial statements.

THE VERITAS FORUM, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2023
With Comparative Totals for the Year Ended June 30, 2022

| | <u>Program</u> | <u>Supporting Services</u> | | <u>2023</u> | <u>2022</u> |
|---------------------------------|---------------------|----------------------------|--------------------|---------------------|---------------------|
| | | <u>Administrative</u> | <u>Fundraising</u> | <u>Total</u> | <u>Total</u> |
| Salaries and benefits | \$ 1,394,045 | \$ 206,078 | \$ 511,597 | \$ 2,111,720 | \$ 1,645,047 |
| Event expenses | 1,452,920 | 29,660 | 41,707 | 1,524,287 | 126,540 |
| Contract services | 468,988 | 182,947 | 160,190 | 812,125 | 1,401,084 |
| Honoraria | 421,862 | | 1,000 | 422,862 | 0 |
| Contract wages | 284,260 | 27,900 | 48,600 | 360,760 | 30,238 |
| Travel and entertainment | 141,603 | 51,547 | 57,021 | 250,171 | 425,073 |
| Office expense | 129,221 | 63,497 | 49,897 | 242,615 | 218,537 |
| Employee benefits | 148,425 | 13,933 | 57,227 | 219,585 | 175,335 |
| Payroll taxes | 124,592 | 13,469 | 48,170 | 186,231 | 141,958 |
| Advertising | 122,972 | | | 122,972 | 141,707 |
| International grants | 98,927 | | | 98,927 | 125,225 |
| Facility and equipment | 5,576 | 29,369 | 845 | 35,790 | 35,725 |
| Contributed nonfinancial assets | 8,000 | | | 8,000 | 14,500 |
| National grants | 3,550 | | | 3,550 | 10,500 |
| Other expenses | <u>4,856</u> | <u>8,465</u> | <u>7,822</u> | <u>21,143</u> | <u>17,106</u> |
| Total expenses | <u>\$ 4,809,797</u> | <u>\$ 626,865</u> | <u>\$ 984,076</u> | <u>\$ 6,420,738</u> | <u>\$ 4,508,575</u> |

See notes to financial statements.

THE VERITAS FORUM, INC.
STATEMENTS OF CASH FLOWS
For the Year Ended June 30, 2023
With Comparative Totals for the Year Ended June 30, 2022

| | <u>2023</u> | <u>2022</u> |
|--|---------------------|---------------------|
| Cash Flows From Operating Activities | | |
| Change in net assets | \$ (682,477) | \$ 1,458,418 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (402,676) | (432,344) |
| Prepaid expenses | 252,041 | (362,345) |
| Other assets | 0 | 1,475 |
| Accounts payable | (84,207) | 51,202 |
| Accrued payroll and related costs | 68,823 | 103,339 |
| Accrued expenses | 249,779 | (1,661) |
| Refundable advance – PPP Loan | <u>0</u> | <u>(220,910)</u> |
| Net Cash Provided by Operating Activities | (598,717) | 597,174 |
| Cash and Cash Equivalents | | |
| Beginning of Year | <u>4,190,365</u> | <u>3,593,191</u> |
| End of Year | <u>\$ 3,591,648</u> | <u>\$ 4,190,365</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., (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.

Accounting Pronouncements Adopted

For the year ended June 30, 2022, the Organization adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires not-for-profit entities to disclose a disaggregation of the amount of contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets. The Organization must also disclose qualitative info about whether the contributed nonfinancial assets were monetized or utilized during the reporting period, the Organization policy about monetizing contributed nonfinancial assets, a description of any donor imposed restrictions, the valuation method used, and the principal or most advantageous market used for the valuation if it is a market in which the recipient Organization is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets. There was no material impact on the Organization's activities or financial position upon adoption of the new standard.

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.

THE VERITAS FORUM, INC.

NOTES TO FINANCIAL STATEMENTS

Note A – Significant Accounting Policies (Continued)

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, 2023 and 2022, the uninsured portion of these balances was \$3,300,434 and \$3,899,218, respectively.

Prepaid Expenses

Prepaid expenses consist of prepaid expenses related to forums. Total prepaid expenses for the years ended June 30, 2023 and 2022 were \$142,732 and \$394,773, 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.

Contributed Nonfinancial Assets

The Organization records in-kind goods based on the fair value as described in generally accepted accounting principles. The Organization recognizes donated services if they create or enhance nonfinancial assets or require specialized skills and would typically be purchased if not provided by donation. In-kind contributions are recognized as revenue when received and as expenditures when the resources are consumed.

THE VERITAS FORUM, INC.

NOTES TO FINANCIAL STATEMENTS

Note A – Significant Accounting Policies (Continued)

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.

Concentration of Revenue Risk

During the years ended June 30, 2023 and 2022, four donors made up 55% and two donors made up 32% of total contributions, respectively.

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 \$122,972 and \$141,707 for the years ended June 30, 2023 and 2022, 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. 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 2023.

THE VERITAS FORUM, INC.

NOTES TO FINANCIAL STATEMENTS

Note A – Significant Accounting Policies (Continued)

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.

Reclassifications

Certain reclassifications have been made to the prior years' financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or retained earnings.

Subsequent Events

The Organization has evaluated subsequent events through October 3, 2023, which is the date the financial statements were available to be issued.

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 | \$ 3,591,648 |
| Accounts receivable | <u>1,023,364</u> |
| Total financial assets available within one year | 4,615,012 |
| Less amounts unavailable for general expenditures within one year, due to : | |
| Restricted by donor imposed time or purpose restrictions | <u>(2,078,526)</u> |
| Total financial assets available within one year after restriction | <u>\$ 2,536,486</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, 2023, all net assets without donor restrictions are available for expenditures expected in the upcoming year.

THE VERITAS FORUM, INC.
NOTES TO FINANCIAL STATEMENTS

Note C – Property and Equipment

At June 30, equipment consisted of the following:

| | <u>2023</u> | <u>2022</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><u>\$ 0</u></u> | <u><u>\$ 0</u></u> |

Note D – Net Assets

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

| | <u>2023</u> | <u>2022</u> |
|--|----------------------------|----------------------------|
| Net assets without donor restrictions | \$ 1,917,502 | \$ 2,099,258 |
| Net assets with donor imposed time or purpose restrictions | <u>2,078,526</u> | <u>2,579,247</u> |
| Total net assets | <u><u>\$ 3,996,028</u></u> | <u><u>\$ 4,678,505</u></u> |

Note E – Contributed Nonfinancial Assets

For the years ended June 30, 2023 and 2022, contributed nonfinancial assets recognized within the statement of activities included:

| | <u>2023</u> | <u>2022</u> |
|----------|--------------------|--------------------|
| Services | \$ 8,000 | \$ 14,500 |

The Organization recognized contributed nonfinancial assets within revenue from contributed services. Unless otherwise noted, contributed nonfinancial assets did not have donor imposed restrictions.

Contributed services recognized comprise professional services from speakers for events. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services.

THE VERITAS FORUM, INC.
NOTES TO FINANCIAL STATEMENTS

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 \$51,838 and \$37,402 were made by the Organization for the years ended June 30, 2023 and 2022, respectively.

Note G – PPP Loan

In March, 2021, the Organization was granted a second PPP Loan from the SBA in the amount of \$220,276 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 Loan, the Organization applied for forgiveness. The entirety of the PPP Loan was forgiven on April 8, 2022 and was recognized as revenue during the fiscal year ended June 30, 2022.