

**REPORT OF  
VITAE FOUNDATION  
DECEMBER 31, 2020 AND 2019**

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the  
Vitae Foundation

### Report on the Financial Statements

We have audited the accompanying financial statements of the Vitae Foundation (“the Organization”), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, 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 U.S. generally accepted accounting principles; 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.

### *Auditors’ Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 Organization’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 Organization’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 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 Vitae Foundation as of December 31, 2020 and 2019, and the changes in its net assets, functional expenses and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

*Williams - Keepers LLC*

May 7, 2021

## VITAE FOUNDATION

### STATEMENTS OF FINANCIAL POSITION

December 31, 2020 and 2019

	2020	2019
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 1,751,264	\$ 471,889
Short-term investments	-	4,690
Current unconditional promises to give, net of allowance of \$6,422 and \$15,491	35,453	49,091
Prepaid expenses	49,562	47,019
Total current assets	1,836,279	572,689
<b>NONCURRENT ASSETS</b>		
Long-term unconditional promises to give, net of discount of of \$30 and \$2,188	408	17,837
Equipment and leasehold improvements, net of accumulated depreciation of \$252,153 and \$241,692	22,001	16,192
Other noncurrent assets	3,000	3,000
Total noncurrent assets	25,409	37,029
Total assets	\$ 1,861,688	\$ 609,718
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 30,508	\$ 64,273
Accrued leave and salaries payable	90,265	92,360
Current portion of note payable	80,310	181,630
Total current liabilities	201,083	338,263
<b>NONCURRENT LIABILITIES</b>		
Long-term portion of note payable	167,690	-
Total liabilities	368,773	338,263
<b>NET ASSETS</b>		
Without donor restrictions:		
Board-designated endowment	302,402	241,959
Undesignated	931,141	(194,946)
Total net assets without donor restrictions	1,233,543	47,013
With donor restrictions:		
Subject to passage of time	16,673	63,713
Subject to expenditure for specified purpose	242,699	160,729
Total net assets with donor restrictions	259,372	224,442
Net assets	1,492,915	271,455
Total liabilities and net assets	\$ 1,861,688	\$ 609,718

The notes to financial statements are an integral part of these statements.

## VITAE FOUNDATION

### STATEMENT OF ACTIVITIES

Year Ended December 31, 2020

(with comparative totals for the year ended December 31, 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
<b>REVENUE</b>				
Media campaign	\$ 3,685,836	\$ 228,872	\$ 3,914,708	\$ 3,085,459
Investment return, net	3,787	-	3,787	7,300
Miscellaneous	26,644	-	26,644	6,939
	<u>3,716,267</u>	<u>228,872</u>	<u>3,945,139</u>	<u>3,099,698</u>
Net assets released from restrictions	193,942	(193,942)	-	-
Total revenue	<u>3,910,209</u>	<u>34,930</u>	<u>3,945,139</u>	<u>3,099,698</u>
<b>EXPENSES</b>				
Program	2,130,918	-	2,130,918	2,213,934
Fundraising	238,382	-	238,382	199,086
Management and general	357,609	-	357,609	327,909
	<u>2,726,909</u>	<u>-</u>	<u>2,726,909</u>	<u>2,740,929</u>
Other expenses-(recovery) loss on doubtful pledges	(3,230)	-	(3,230)	656
Total expenses	<u>2,723,679</u>	<u>-</u>	<u>2,723,679</u>	<u>2,741,585</u>
Change in net assets	1,186,530	34,930	1,221,460	358,113
Net assets (deficit), beginning of year	<u>47,013</u>	<u>224,442</u>	<u>271,455</u>	<u>(86,658)</u>
Net assets, end of year	<u>\$ 1,233,543</u>	<u>\$ 259,372</u>	<u>\$ 1,492,915</u>	<u>\$ 271,455</u>

The notes to financial statements are an integral part of these statements.

## VITAE FOUNDATION

### STATEMENT OF ACTIVITIES Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE</b>			
Media campaign	\$ 2,729,859	\$ 355,600	\$ 3,085,459
Investment return, net	7,300	-	7,300
Miscellaneous	6,939	-	6,939
	<u>2,744,098</u>	<u>355,600</u>	<u>3,099,698</u>
Net assets released from restrictions	335,894	(335,894)	-
	<u>3,079,992</u>	<u>19,706</u>	<u>3,099,698</u>
<b>EXPENSES</b>			
Program	2,213,934	-	2,213,934
Fundraising	199,086	-	199,086
Management and general	327,909	-	327,909
	<u>2,740,929</u>	<u>-</u>	<u>2,740,929</u>
Other expenses-loss on doubtful pledges	656	-	656
	<u>2,741,585</u>	<u>-</u>	<u>2,741,585</u>
Change in net assets	338,407	19,706	358,113
Net assets (deficit), beginning of year	<u>(291,394)</u>	<u>204,736</u>	<u>(86,658)</u>
Net assets, end of year	<u>\$ 47,013</u>	<u>\$ 224,442</u>	<u>\$ 271,455</u>

The notes to financial statements are an integral part of these statements.

## VITAE FOUNDATION

### STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2020

(with comparative totals for the year ended December 31, 2019)

	Program	Fundraising	Management and General	2020 Total	2019 Total
Salaries and benefits	\$ 1,000,530	\$ 172,844	\$ 254,389	\$ 1,427,763	\$ 1,249,356
Digital marketing	345,225	-	-	345,225	322,315
Events	250,635	19,273	29,368	299,276	506,671
Media expense	163,380	-	-	163,380	185,537
Professional fees	79,070	6,264	8,120	93,454	70,516
Information technology	61,550	9,385	14,590	85,525	90,318
Occupancy	47,673	6,199	9,640	63,512	67,078
Printing and copying	25,455	3,763	5,850	35,068	35,296
Other	11,924	6,056	13,383	31,363	48,335
Postage and shipping	21,946	3,357	5,219	30,522	34,028
Travel	23,804	2,831	3,720	30,355	26,496
Equipment maintenance and rental	21,700	3,320	5,161	30,181	28,377
Supplies	20,533	3,285	4,796	28,614	15,864
Donated services	22,233	-	-	22,233	14,680
Donated products	14,155	17	26	14,198	14,585
Insurance	7,726	719	1,896	10,341	10,045
Depreciation	6,244	946	1,289	8,479	5,439
Grants to other organizations	6,425	-	-	6,425	3,113
Other taxes	301	46	72	419	8,642
Publications	232	51	49	332	405
Telephone	177	26	41	244	3,833
	<u>\$ 2,130,918</u>	<u>\$ 238,382</u>	<u>\$ 357,609</u>	<u>\$ 2,726,909</u>	<u>\$ 2,740,929</u>

The notes to financial statements are an integral part of these statements.

**VITAE FOUNDATION**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended December 31, 2019**

	Program	Fundraising	Management and General	Total
Salaries and benefits	\$ 900,781	\$ 134,540	\$ 214,035	\$ 1,249,356
Events	438,778	26,307	41,586	506,671
Digital marketing	322,315	-	-	322,315
Media expense	184,549	387	601	185,537
Information technology	68,050	8,910	13,358	90,318
Professional fees	55,724	5,587	9,205	70,516
Occupancy	51,475	6,102	9,501	67,078
Other	27,928	3,130	17,277	48,335
Printing and copying	27,152	3,212	4,932	35,296
Postage and shipping	25,909	3,205	4,914	34,028
Equipment maintenance and rental	21,557	2,684	4,136	28,377
Travel	22,310	1,633	2,553	26,496
Supplies	12,965	1,121	1,778	15,864
Donated services	14,680	-	-	14,680
Donated products	14,585	-	-	14,585
Insurance	8,022	496	1,527	10,045
Other taxes	6,609	761	1,272	8,642
Depreciation	4,183	613	643	5,439
Telephone	2,927	364	542	3,833
Grants to other organizations	3,113	-	-	3,113
Publications	322	34	49	405
	<u>\$ 2,213,934</u>	<u>\$ 199,086</u>	<u>\$ 327,909</u>	<u>\$ 2,740,929</u>

The notes to financial statements are an integral part of these statements.



## VITAE FOUNDATION

### STATEMENTS OF CASH FLOWS Years Ended December 31, 2020 and 2019

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,221,460	\$ 358,113
Adjustments to reconcile change in net assets to net cash provided (used) by operations:		
Non-cash contributions of short-term investments	(203,432)	(264,415)
Net realized and unrealized (gains) on investments	(2,338)	(6,545)
Depreciation	8,479	5,438
Changes in operating assets and liabilities:		
Unconditional promises to give	31,067	48,654
Prepaid expenses	(2,543)	(42,567)
Accounts payable	(33,765)	(95,372)
Accrued leave and salaries payable	(2,095)	5,628
Cash provided by operating activities	1,016,833	8,934
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net proceeds from sales of short-term investments	210,460	275,979
Acquisition of equipment	(14,288)	(13,621)
Cash provided by investing activities	196,172	262,358
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of long-term debt	248,000	-
Repayment of long-term debt	(181,630)	(14,738)
Cash provided (used) by financing activities	66,370	(14,738)
Net change in cash	1,279,375	256,554
Cash, beginning of year	471,889	215,335
Cash, end of year	\$ 1,751,264	\$ 471,889
<b>SUPPLEMENTAL CASH FLOW DISCLOSURES</b>		
Cash paid for interest	\$ 4,943	\$ 15,803
Non-cash investing activities:		
Receipt of contributions of short-term investments	\$ 203,432	\$ 264,415

The notes to financial statements are an integral part of these statements.

# VITAE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Vitae Foundation (the Organization) is a not-for-profit organization whose mission is to promote respect for human life by reaching the hearts and minds of the public through use of the research-based messaging and mass media. Significant accounting policies are as follows:

*Basis of Accounting:* The financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles.

*Estimates:* The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Cash and Short-Term Investments:* Cash includes certain interest bearing and non-interest bearing bank accounts. Periodically, the Organization maintains cash on deposit at financial institutions in excess of amounts insured by the U.S. Federal Deposit Insurance Corporation. Short-term investments are composed of equity securities held for sale and cash from the sales of equity securities that has not yet been transferred to a cash account. Short-term investments are stated at fair value and are not considered to be cash equivalents for purposes of the statement of cash flows.

*Equipment and Leasehold Improvements:* Equipment and leasehold improvements are recorded at cost. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets, which range from 3 to 12 years.

*Financial Statement Presentation:* The Organization reports information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net assets without donor restrictions:* Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions.

*Net assets with donor restrictions:* Net assets with donor restrictions are subject to donor-imposed restrictions. 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 has been fulfilled, or both.

*Promises to Give:* Pledges of contributions by donors, which represent unconditional promises to give, are recognized as revenues in the period in which the pledges are made, at their fair values. Pledges which are conditional promises to give are recognized as revenues at their estimated fair value in the period in which the conditions are met. The allowance for doubtful pledges is estimated by regularly evaluating individual donor pledges, past collection experience, and current economic conditions.

*Functional Allocation of Expenses:* The costs of program and supporting services activities have been summarized on a functional basis in the Statements of Activities. The natural classification detail of those expenses has been summarized in the Statement of Functional Expenses. Certain costs that are attributable to more than one function have been allocated among the program and supporting services benefited using a single-rate method consistently applied based on a study of time and effort by employees.

*Taxable Status:* The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization’s Form 990 and taxable status are subject to examination by the Internal Revenue Service for open tax years 2017 through 2020. Interest and penalties incurred, if any, related to income tax filings are reported within management and general expenses in the accompanying Statement of Activities.

*Subsequent Events:* Events that have occurred subsequent to December 31, 2020, have been evaluated by management through May 7, 2021, which represents the date the Organization’s financial statements were approved by management and, therefore, were available to be issued.

## 2. ENDOWMENT FUND

The Vitae Foundation Endowment Fund was established in 2010 through an agreement with a donor whereby the Organization will add up to \$300,000 to the fund over a period of 10 years or more beginning in 2011. The principal in the fund shall remain intact until the year 2040 unless 75% of the Organization’s Board of Directors votes to utilize all or part of the principal. The principal of the fund is maintained in an interest-bearing money market account. Interest is made available annually for the Organization’s mission. The principal and accumulated interest in the fund is included in board-designated net assets without donor restrictions.

Below is a reconciliation of the beginning and ending balances of the Fund, including activity during the years ended December 31, 2020 and 2019:

	2020	2019
Board-designated endowment funds, January 1	\$ 241,959	\$ 181,267
Investment return, net	443	692
Contributions	60,000	60,000
Board-designated endowment funds, December 31	\$ 302,402	\$ 241,959

### 3. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at December 31, 2020 and 2019 were as follows:

	2020	2019
Without donor restrictions	\$ 25,640	\$ 20,894
With donor restrictions - subject to the passage of time	16,673	63,713
Total	<u>\$ 42,313</u>	<u>\$ 84,607</u>
	2020	2019
Receivable in less than one year	\$ 41,875	\$ 64,582
Receivable in one to five years	438	20,025
Total unconditional promises to give	42,313	84,607
Less allowance for uncollectible pledges	(6,422)	(15,491)
Less discounts to net present value	(30)	(2,188)
Net unconditional promises to give	<u>\$ 35,861</u>	<u>\$ 66,928</u>
Current unconditional promises to give, net	\$ 35,453	\$ 49,091
Long-term unconditional promises to give, net	408	17,837
	<u>\$ 35,861</u>	<u>\$ 66,928</u>

A discount rate of 3.25% and 4.75% was used in the calculation of the net present value during 2020 and 2019, respectively.

### 4. NOTE PAYABLE

The Organization held an unsecured note with a floating interest rate of .75% over prime (3.25% at December 31, 2020), to be no less than 5.00%; secured by all of the Organization's funds on deposit with the bank. The note was due to mature on September 2, 2020. The balance outstanding for the term note was \$181,630 as of December 31, 2019 and was paid off during the year ended December 31, 2020.

### 5. PAYCHECK PROTECTION PROGRAM

In April 2020, the Organization qualified for and received a loan pursuant to the Paycheck Protection Program (PPP), a program implemented by the U.S. Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economy Securities Act, from a qualified lender, for an aggregate principal amount of \$248,000. The PPP loan bears interest at a fixed rate of 1.0%, has a term of two years, and is unsecured and guaranteed by the SBA. The principal amount of the loan is subject to forgiveness under the program upon the Organization's request to the extent that proceeds are used to pay expenses as permitted by the SBA, which include payroll, covered rent and mortgage obligations, and covered utility payments incurred by the Organization during the specified time frame per the SBA. Application for forgiveness of the loan was submitted in December 2020, with inclusion of compliance substantiation and certification therein. Notice of forgiveness was received from the lender in February 2021.

## 6. LINE OF CREDIT

During the year ended December 31, 2020, the Organization opened a revolving line of credit with a maximum credit line of \$200,000, with an interest rate of 2.15%, and secured by one of the Organization's deposit accounts. The line of credit requires interest only payments monthly and matures November 9, 2021. There were no draws on the line of credit during the year ended December 31, 2020.

## 7. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets available within one year from December 31, 2020 for general expenditures are as follows:

Financial assets at December 31, 2020, net	\$ 1,786,717
Less those unavailable for general expenditures within one year:	
Donor-restricted cash subject to expenditure for specified purpose	<u>(203,873)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,582,844</u>

In addition, cash includes board-designated funds of \$302,401 as of December 31, 2020, to maintain an endowment fund, as described in Note 2. Although the Board of Directors entered into an agreement during 2010 with a donor to create the endowment fund, the donor did not restrict the use of the funds or earnings on the funds which are also available for general expenditures with the Board's approval, as explained in Note 2.

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization has a liquidity policy to maintain current financial assets less current liabilities at a minimum of 30 days operating expenses. The Organization has a policy to target a year-end balance of reserves of unrestricted, undesignated net assets to meet 15 to 30 days of expected expenditures. Average budgeted expenses approximate \$260,000 per month for 2021. To achieve these targets, the Organization forecasts its future cash flows and monitors its liquidity monthly, or more often if necessary, and monitors its reserves annually, as a minimum. However, at certain times during the year, the Organization did not maintain necessary amounts of cash to comply with donor-imposed restrictions.

## 8. IN-KIND INCOME

The Organization received in-kind income during 2020 and 2019 as follows:

	<u>2020</u>	<u>2019</u>
Professional services	\$ 22,233	\$ 14,680
Other goods and services	<u>17,057</u>	<u>16,791</u>
	<u>\$ 39,290</u>	<u>\$ 31,471</u>

The Organization also received unvalued volunteer hours totaling approximately 462 and 702 during 2020 and 2019, respectively.

## 9. EMPLOYEE BENEFITS

The Organization sponsors a deferred compensation plan under Section 403(b) of the Internal Revenue Code. Contributions to the plan are at the election of participating employees and are used to purchase allowable investments as directed by the plan participants. All employees of the Organization are eligible to participate in the plan. The Organization contributes a matching amount calculated using a percentage determined by management during the plan year. The Organization contributed 1.5% of the employee's salary as the matching contribution for the years ended December 31, 2020 and 2019. The Organization expensed approximately \$12,140 and \$10,100 related to this plan in 2020 and 2019, respectively.

The Organization also sponsors a cafeteria plan, employee assistance program, an employee contributory health insurance plan, and other benefits.

## 10. ALLOCATION OF JOINT COSTS

The Organization conducted activities including special events, direct one-on-one solicitations, and direct mailings that combined requests for contributions as well as program and management and general components. The costs of conducting those activities included joint costs, which are not specifically attributable to particular functions of the activities. Joint costs allocated to various functions were as follows during the year ended December 31:

	<u>2020</u>	<u>2019</u>
Program	\$ 1,422,994	\$ 1,434,957
Fundraising	232,965	200,400
Management and general	<u>369,781</u>	<u>341,028</u>
	<u>\$ 2,025,740</u>	<u>\$ 1,976,385</u>

## 11. COMMITMENTS

The Organization rents office space and equipment under long-term noncancelable leases. Rent expense under such leases totaled approximately \$82,680 and \$80,877 during the years ended December 31, 2020 and 2019, respectively.

Future minimum rental payments required under the leases as of December 31, 2020, are as follows:

2021	80,433
2022	52,132
2023	6,762
2024	<u>1,690</u>
	<u>\$ 141,017</u>

The Organization has entered into various contracts and agreements for future advertising, website design, software subscriptions and event venues totaling approximately \$110,000 as of December 31, 2020.