

VEGFUND, INC.
WASHINGTON, DC

FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2021



VEGFUND, INC.

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
of VegFund, Inc.

Opinion

We have audited the accompanying financial statements of VEGFUND, INC. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, 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 financial statements referred to above present fairly, in all material respects, the financial position of VEGFUND, INC. as of December 31, 2021, 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. 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 VEGFUND, 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 VEGFUND, INC.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

To the Board of Directors
of VegFund, Inc.

REPORT OF INDEPENDENT AUDITORS

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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 VEGFUND, 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 VEGFUND, 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.

Handwritten signature of Hantymon Wiebel LLP in black ink.

Charlottesville, Virginia
April 28, 2022

VEGFUND, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 811,100
Pledges receivable	2,102,552
Prepaid expenses	<u>6,006</u>
Total current assets	<u>2,919,658</u>
Total assets	<u><u>\$ 2,919,658</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 29,962
Grants payable	<u>64,240</u>
Total current liabilities	<u>94,202</u>
Total liabilities	<u>94,202</u>

NET ASSETS

Without donor restrictions	722,904
With donor restrictions	<u>2,102,552</u>
Total net assets	<u>2,825,456</u>
Total liabilities and net assets	<u><u>\$ 2,919,658</u></u>

(The accompanying notes are an integral part of this financial statement)

VEGFUND, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2021

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUES			
Contributions	\$ 85,453	\$ 2,102,552	\$ 2,188,005
In-kind contributions	111,106	....	111,106
Interest	251	....	251
PPP loan forgiven	131,498	....	131,498
Net assets released from restrictions	<u>2,100,000</u>	<u>(2,100,000)</u>	<u>....</u>
Total revenues	<u>2,428,308</u>	<u>2,552</u>	<u>2,430,860</u>
PROGRAM EXPENSES			
Community outreach	216,938	....	216,938
Learning events and tools	350,673	....	350,673
Online outreach	969,643	....	969,643
Innovative outreach and other	<u>502,605</u>	<u>....</u>	<u>502,605</u>
Total program expenses	<u>2,039,859</u>	<u>....</u>	<u>2,039,859</u>
OPERATING EXPENSES			
Management and general	368,358	....	368,358
Fund-raising	<u>53,695</u>	<u>....</u>	<u>53,695</u>
Total expenses	<u>2,461,912</u>	<u>....</u>	<u>2,461,912</u>
CHANGE IN NET ASSETS	(33,604)	2,552	(31,052)
NET ASSETS - BEGINNING OF YEAR	<u>756,508</u>	<u>2,100,000</u>	<u>2,856,508</u>
NET ASSETS - END OF YEAR	<u>\$ 722,904</u>	<u>\$ 2,102,552</u>	<u>\$ 2,825,456</u>

(The accompanying notes are an integral part of this financial statement)

VEGFUND, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2021

	PROGRAM SERVICES					SUPPORTING SERVICES		TOTAL EXPENSES
	COMMUNITY OUTREACH	LEARNING EVENTS AND TOOLS	ONLINE OUTREACH	INNOVATIVE OUTREACH AND OTHER	TOTAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUND- RAISING	
OPERATING EXPENSES								
Grants	\$ 95,614	\$ 215,736	\$ 895,845	\$ 360,436	\$ 1,567,631	\$	\$	\$ 1,567,631
Other Program expenses	1,000	8,285	....	9,390	18,675	....	....	18,675
Advertising .....	....	....	....	....	....	16,535	....	16,535
Salaries and benefits	87,960	58,668	55,320	66,587	268,535	228,032	31,354	527,921
Travel .....	....	....	....	....	....	110	....	110
Professional fees	15,729	15,729	15,729	15,729	62,916	78,911	15,694	157,521
Insurance .....	....	....	....	....	....	7,876	....	7,876
Office, postage, and mailings .....	....	....	....	....	....	18,219	281	18,500
Website and software	2,749	2,749	2,749	2,749	10,996	1,991	....	12,987
Communications .....	....	....	....	....	....	16,535	....	16,535
Fund-raising .....	....	....	....	....	....	....	6,366	6,366
Interest expense .....	....	....	....	....	....	149	....	149
In-kind expenses	13,886	49,506	....	47,714	111,106	....	....	111,106
Total functional expenses	<u>\$ 216,938</u>	<u>\$ 350,673</u>	<u>\$ 969,643</u>	<u>\$ 502,605</u>	<u>\$ 2,039,859</u>	<u>\$ 368,358</u>	<u>\$ 53,695</u>	<u>\$ 2,461,912</u>

(The accompanying notes are an integral part of this financial statement)

VEGFUND, INC.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	(\$ 31,052)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
PPP Loan forgiven	(131,498)
Increase (decrease) in assets:	
Pledge receivable	(2,552)
Prepaid expense	6,063
Increase (decrease) in liabilities:	
Accounts payable	13,728
Grants payable	(162,095)
Net cash used in operating activities	(307,406)

CASH FLOWS FROM FINANCING ACTIVITIES

PPP loan repayment	(12,802)
Net cash used by financing activities	(12,802)

NET DECREASE IN CASH AND CASH EQUIVALENTS (320,208)

CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD 1,131,308

CASH AND CASH EQUIVALENTS AT END OF PERIOD \$ 811,100

(The accompanying notes are an integral part of this financial statement)

VEGFUND, INC.

NOTES TO FINANCIAL STATEMENTS

NATURE OF ACTIVITIES

VegFund, Inc. (the Organization) was organized as a non-stock, nonprofit corporation under the laws of the State of Florida in 2009. The principal activity of the Organization is to support the effective outreach of vegan advocates who inspire people worldwide to choose and maintain a vegan lifestyle through grants and other outreach.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accounting and reporting policies of the Organization, unless otherwise stated, conform to U. S. generally accepted accounting principles (GAAP) and to common practices of the activity in which it is engaged.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP). Financial statement presentation follows the recommendations of the FASB in its Accounting Standards Codification (ASC) No. 958, *Not-for-Profit Entities*. Under this guidance, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions are resources available to support general operations. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, Board designations, and the purpose specified in the Organization's founding documents.

Net assets with donor restrictions include resources with donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or by using the resources in the manner 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.

The entire balance of net assets with donor restrictions as of December 31, 2021 consists of pledges receivable without donor restrictions on use subject to the passage of time.

VEGFUND, INC.

NOTES TO FINANCIAL STATEMENTS

Accounting Estimates

The preparation of financial statements in conformity 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. The principal estimates include the allowance for uncollectible pledges, allocation of expenses by function, and the valuation of in-kind contributions.

Exempt Tax Status

The Organization is a private foundation exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vii).

Accounting for Uncertainty in Income Taxes

The Organization has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with guidance established by the FASB and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Organization.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly-liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash amounts in excess of federally-insured limits are subject to risk of loss.

Pledges Receivable

Unconditional promises to give are recognized as revenues or gains in the period received and are recorded at net realizable value. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. At December 31, 2021, all contributions receivable were due within one year and management considered all contributions receivable to be collectible.

Donated Services

No amounts have been recognized in the financial statements for donated services that are not specialized skills, since there is no objective basis to measure the value of such services. Nevertheless, individuals have donated their time and assistance in managing and administering activities of the Organization. The amount reported as in-kind contributions relates to specialty analytics tools to evaluate the effectiveness of online campaigns.

VEGFUND, INC.

NOTES TO FINANCIAL STATEMENTS

Revenue Recognition

Contributions received are recorded as support with or without donor restrictions depending on the existence and/or nature of any donor restrictions. The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statement of activities as net assets released from restrictions.

Functional Allocation of Expenses

Accounting standards require that all expenses be categorized in three functional expense classifications as follows: program services, management and general, and fund-raising. Where expenses are attributable to more than one functional expense area, they require allocation on a consistent and reasonable basis. Payroll expenses and general operating expenses are allocated on the basis of staff time and effort spent on each functional expense area. A description of the Organization's program and supporting services is provided below:

Program Services

Community Outreach: This category covers grants for most event-based outreach, including food sampling, video outreach, film screenings, and vegfests. These forms of activism are more accessible to motivated individuals seeking to perform outreach in their free time, and provide great entry points to veganism for people who are interested or have never heard of it.

Learning Events and Tools: This category allows the Organization's grantees to host conferences and webinars and to produce learning materials such as starter kits and literature. Funded projects in this category are more complex than those events covered by Community Outreach, and tend to require more planning and resources on the part of the activist. The audience reached by these events and materials are more targeted and can therefore be more specific. In 2021, the Organization expanded efforts to fund events focused on nutrition education, such as online sessions hosted by a Bronx-based registered nurse, or Physicians Committee for Responsible Medicine-trained Food For Life instructors providing 8-week vegan kickstart events in cities around the country.

Research: The Organization's research grants are awarded to academic and professional institutions conducting thorough research on veganism. There were no research grants awarded in 2021.

Online Outreach: These grants support online videos, websites, and other multimedia projects. Search engine advertising, banner ads, social networking, and other types of online promotion are all areas the Organization supports to help activists spread their message.

VEGFUND, INC.

NOTES TO FINANCIAL STATEMENTS

Innovative Outreach and Other: This category accommodates activism such as mentored campaigns, challenges, media, and other forms that do not fit into specific program categories. The Organization's grantees can be creative and reach audiences in new and unique ways. For example, in 2021 the Organization funded a variety of mentored campaigns that pivoted to offering in-person support online during the COVID-19 pandemic.

Supporting Services

Management and General: The Organization incurs expenses for its daily operational needs. Expenditures for management and general provide the functions necessary to the operations of the Organization, provide coordination and articulation of the Organization's program services, provide for administrative functioning of the Board of Directors, and maintain competent professional services.

Fund-Raising: Development expenses include an allocation of salaries and overhead expenses as well as other direct development expenses.

Advertising

The Organization's policy is to expense advertising costs as incurred.

Subsequent Events

Management has evaluated subsequent events through April 28, 2022, which is the date the financial statements were available to be issued.

CONCENTRATIONS

The Organization received approximately 94% of its revenue from one donor during the year ended December 31, 2021. A majority of the balance of the pledges receivable as of December 31, 2021 was from one donor.

RETIREMENT PLAN

The Organization sponsors a 403(b) defined contribution retirement plan for all eligible employees. Retirement contribution expense for the year ended December 31, 2021 was \$3,696.

PAYCHECK PROTECTION PROGRAM

On May 8, 2020, the Organization received \$144,300 from the Paycheck Protection Program (PPP loan) established under the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). In June 2021, the SBA processed the Organization's PPP Loan forgiveness application and notified the lender that the PPP loan qualified for forgiveness in the amount of \$131,498 plus accrued interest of \$1,468. The Organization repaid the balance of \$12,802 with interest of \$149 in 2021.

VEGFUND, INC.

NOTES TO FINANCIAL STATEMENTS

CONTINGENCY

Paycheck Protection Program

The PPP Loan and forgiveness of that loan are subject to audit by the Small Business Administration (SBA) for six years after the date the loan is forgiven or repaid in full. The possible disallowance by the SBA of any item charged to the program cannot be determined until such time when an audit occurs. Therefore, no provision for any potential disallowances that may result from such audit has been made in the accompanying financial statements. Management is of the opinion that disallowances, if any, will not be material to the accompanying financial statements.

LIQUIDITY AND AVAILABILITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

The Organization manages its cash available to meet general expenditures under the following 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 met.

General expenditures include program services expenses, management and general expenses, and fund-raising expenses expected to be paid in the subsequent year.

The following financial assets are available for general expenditure within one year of December 31, 2021:

Cash and cash equivalents	\$ 811,100
Pledges receivable	<u>2,102,552</u>
Total financial assets available for general expenditure	<u>\$2,913,652</u>