

**VERA INSTITUTE OF JUSTICE, INC.
AND RELATED ENTITIES**

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021

VERA INSTITUTE OF JUSTICE, INC.
AND RELATED ENTITIES

CONTENTS

	<u>Page</u>
<u>Independent Auditors' Report</u>	1-2
<u>Consolidated Financial Statements</u>	
Consolidated Statement of Financial Position at June 30, 2021	3
Consolidated Statement of Activities for the Year Ended June 30, 2021	4
Consolidated Statement of Functional Expenses for the Year Ended June 30, 2021	5
Consolidated Statement of Cash Flows for the Year Ended June 30, 2021	6
Notes to Consolidated Financial Statements	7-21
<u>Supplementary Information</u>	
Independent Auditors' Report on Supplementary Information	22
Consolidating Statement of Financial Position at June 30, 2021	23
Consolidating Statement of Activities for the Year Ended June 30, 2021	24

INDEPENDENT AUDITORS' REPORT

To The Board of Trustees
Vera Institute of Justice, Inc. and Related Entities
New York, New York

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Vera Institute of Justice, Inc. and Related Entities, which comprise the consolidated statement of financial position at June 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Vera Institute of Justice, Inc. and Related Entities at June 30, 2021, and the changes in their net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, Vera Action, Inc. and Project Guardianship, Inc. were formed in October 2020 and November 2020, respectively. Our opinion is not modified with respect to this matter.

Grassi & Co., CPAs, P.C.
GRASSI & CO., CPAs, P.C.

New York, New York
December 13, 2021

VERA INSTITUTE OF JUSTICE, INC. AND RELATED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

ASSETS

Cash and cash equivalents	\$ 8,128,753
Investments	73,477,829
Grants and contracts receivable, net	48,610,037
Contributions receivable, net	19,794,836
Investments held for retirement plan	232,607
Prepaid expenses and other assets	911,179
Fixed assets, net	<u>5,192,451</u>
 TOTAL ASSETS	 <u><u>\$ 156,347,692</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES:	
Accounts payable and accrued expenses	\$ 35,738,509
Accrued salaries and related benefits payable	3,080,258
Deferred compensation payable	232,607
Deferred rent	1,073,309
Advances from government agencies	330,475
Loans payable	<u>95,000</u>
 TOTAL LIABILITIES	 <u>40,550,158</u>

COMMITMENTS AND CONTINGENCIES

NET ASSETS:	
Without donor restrictions:	
Operating	45,364,794
Board designated	<u>41,195,804</u>
Total without donor restrictions	<u>86,560,598</u>
With donor restrictions:	
Purpose restricted	27,986,936
Endowment	<u>1,250,000</u>
Total with donor restrictions	<u>29,236,936</u>
 TOTAL NET ASSETS	 <u>115,797,534</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 156,347,692</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

VERA INSTITUTE OF JUSTICE, INC. AND RELATED ENTITIES
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	With Donor Restrictions				Total
	Without Donor Restrictions	Purpose Restricted	Endowment	Total With Donor Restrictions	
Operating revenue and other support:					
Government grants and contracts	\$ 151,377,367	\$ -	\$ -	\$ -	\$ 151,377,367
Contributions	18,469,146	14,044,203	-	14,044,203	32,513,349
Special events	473,250	-	-	-	473,250
Miscellaneous revenue	98,316	-	-	-	98,316
Net assets released from restrictions	20,663,478	(20,663,478)	-	(20,663,478)	-
Total operating revenue and other support	<u>191,081,557</u>	<u>(6,619,275)</u>	<u>-</u>	<u>(6,619,275)</u>	<u>184,462,282</u>
Operating expenses:					
Program services	159,866,141	-	-	-	159,866,141
Supporting services:					
Management and general	13,469,197	-	-	-	13,469,197
Fundraising	1,660,794	-	-	-	1,660,794
Total operating expenses	<u>174,996,132</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>174,996,132</u>
Excess of operating revenue and other support over operating expenses	16,085,425	(6,619,275)	-	(6,619,275)	9,466,150
Investment income, net	9,043,838	-	-	-	9,043,838
Change in net assets	25,129,263	(6,619,275)	-	(6,619,275)	18,509,988
Net assets, beginning of year	<u>61,431,335</u>	<u>34,606,211</u>	<u>1,250,000</u>	<u>35,856,211</u>	<u>97,287,546</u>
Net assets, end of year	<u>\$ 86,560,598</u>	<u>\$ 27,986,936</u>	<u>\$ 1,250,000</u>	<u>\$ 29,236,936</u>	<u>\$ 115,797,534</u>

The accompanying notes are an integral part of these consolidated financial statements.

VERA INSTITUTE OF JUSTICE, INC. AND RELATED ENTITIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services			Supporting Services			Total
	Demonstration Projects	Centers and Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries and related expenses:							
Salaries	\$ 524,428	\$ 21,009,221	\$ 21,533,649	\$ 5,957,098	\$ 824,998	\$ 6,782,096	\$ 28,315,745
Fringe benefits	176,854	5,836,160	6,013,014	1,067,651	168,873	1,236,524	7,249,538
Total personnel expenses	<u>701,282</u>	<u>26,845,381</u>	<u>27,546,663</u>	<u>7,024,749</u>	<u>993,871</u>	<u>8,018,620</u>	<u>35,565,283</u>
Subcontracts and pass-through funding	163,628	126,713,263	126,876,891	350,680	263,571	614,251	127,491,142
Consultants	77,223	4,457,965	4,535,188	1,113,511	186,671	1,300,182	5,835,370
Professional fees	49	193,667	193,716	600,816	31,204	632,020	825,736
Occupancy	908	185,062	185,970	1,904,153	-	1,904,153	2,090,123
Equipment expense and rentals	20,536	2,474	23,010	282,052	583	282,635	305,645
Office expenses	12,559	215,037	227,596	540,994	54,150	595,144	822,740
Insurance	11,898	31,415	43,313	115,887	-	115,887	159,200
Travel	106	53,361	53,467	117,158	36,056	153,214	206,681
Interest expense	-	-	-	17,639	-	17,639	17,639
Depreciation and amortization	-	-	-	672,416	-	672,416	672,416
Training	-	35,954	35,954	119,993	5,586	125,579	161,533
Miscellaneous expense	2,866	141,507	144,373	609,149	89,102	698,251	842,624
Total expenses	<u>\$ 991,055</u>	<u>\$ 158,875,086</u>	<u>\$ 159,866,141</u>	<u>\$ 13,469,197</u>	<u>\$ 1,660,794</u>	<u>\$ 15,129,991</u>	<u>\$ 174,996,132</u>

The accompanying notes are an integral part of these consolidated financial statements.

VERA INSTITUTE OF JUSTICE, INC. AND RELATED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 18,509,988
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	672,416
Deferred rent	161,528
Net realized and unrealized gains on investments	(7,912,283)
Changes in Assets (Increase) Decrease:	
Grants and contracts receivable	(20,760,902)
Contributions receivable	5,279,758
Prepaid expenses and other assets	(66,585)
Changes in Liabilities Increase:	
Accounts payable and accrued expenses	8,973,665
Accrued salaries and related benefits payable	689,824
Advances from government agencies	320,475
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>5,867,884</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of investments	(27,095,066)
Proceeds from sale of investments	4,877,612
Purchase of fixed assets	<u>(422,796)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(22,640,250)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from loans payable	95,000
Repayment of loans payable	<u>(7,493,100)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(7,398,100)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(24,170,466)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>32,299,219</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 8,128,753</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash paid for interest	<u><u>\$ 17,639</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

VERA INSTITUTE OF JUSTICE, INC. AND RELATED ENTITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

Note 1 - Nature of Operations

Vera Institute of Justice, Inc. ("Vera") was organized under the Not-for-Profit Corporation Law of the State of New York and is qualified as a public charity under Section 501(c)(3) of the Internal Revenue Code (the "Code"). Vera is therefore exempt from federal income tax under Section 501(a) of the Code.

Founded in 1961 to advocate for alternatives to money bail in New York City, Vera is now a national organization that partners with impacted communities and government leaders for change. Vera develops just, antiracist solutions so that money doesn't determine freedom; fewer people are in jails, prisons, and immigration detention; and everyone in the system is treated with dignity. Vera's primary source of funding is government grants and contributions.

On October 13, 2020, Vera Action, Inc. ("Vera Action") was incorporated and operates as a social welfare organization in accordance with Section 501(c)(4) of the Code of 1986, as amended, and applicable Treasury regulations for social welfare purposes, including the advancement of social causes related to the unique challenges faced by individuals involved in the criminal and immigration legal systems. Vera Action will work to engage key decisionmakers and the public at large to address critical issues facing these individuals, including issues related to policing, prosecution, legal representation, sentencing, incarceration, deportation, and post-incarceration life. Vera Action is a sole-member corporation, with Vera being its sole member and has its own Board of Trustees. Vera Action's primary source of funding is contributions.

On November 1, 2020, the Guardianship Project (see Note 13 - Funds Held on Behalf of Others), a Vera demonstration project, was spun-off into an independent entity, Project Guardianship, Inc. ("PG"). PG was organized under the Not-for-Profit Corporation Law of the State of New York and is qualified as a public charity under Section 501(c)(3) of the Code. PG is therefore exempt from federal income tax under Section 501(a) of the Code. PG is a sole-member corporation, with Vera being its sole member, and has its own employees, audit, and Board of Trustees. PG's primary source of funding is government grants.

Collectively, Vera, Vera Action and PG are referred to as "the Organization."

Note 2 - Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the Organization. All intercompany balances and transactions have been eliminated in the consolidated financial statements.

Basis of Accounting

The consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

VERA INSTITUTE OF JUSTICE, INC. AND RELATED ENTITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Organization places its temporary cash investments with high credit quality financial institutions.

Investments

Investments are stated at the readily determinable fair value in accordance with the Not-for-Profit Entities topic of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). All interest, dividends and realized and unrealized gains and losses are reported in the statement of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Investments for which fair value is measured using net asset value per share as a practical expedient have not been categorized within the fair value hierarchy.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To increase the comparability of fair value measurements, a framework for measuring fair value is used which 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). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The three levels of the fair value hierarchy under FASB ASC Topic 820, *Fair Value Measurement*, are described as follows:

Level 1 - Valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2 - Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

VERA INSTITUTE OF JUSTICE, INC. AND RELATED ENTITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Fair Value Measurement (cont'd.)

Level 3 - Valuations based on unobservable inputs reflecting the Organization's own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

Refer to Note 4 for assets measured at fair value at June 30, 2021.

Allowance for Doubtful Accounts

The Organization determines whether an allowance for uncollectable accounts should be provided for grants and contributions receivable. Such estimates are based on management's assessment of the aged basis of its contributions and other sources, current economic conditions and historical information. Grants and contributions receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. At June 30, 2021, there is no allowance for doubtful accounts.

Fixed Assets

Fixed assets are stated at cost. The costs of additions and betterments are capitalized when they exceed \$5,000 and have a useful life of over one year. Expenditures for repairs and maintenance are expensed in the period incurred. When items are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in income. Depreciation of furniture and equipment is provided utilizing the straight-line method. Leasehold improvements are amortized over the lesser of the remaining term of the lease or the useful life of the improvement utilizing the straight-line method.

Useful lives are as follows:

Leasehold improvements	15 years
Computer equipment	3 years
Furniture	7 years
Office equipment	5 years

Net Assets

Net assets without donor restrictions include funds having no restrictions as to use or purpose imposed by donors. Net assets without donor restrictions - board designated represent funds designated by the Board of Trustees as a special allocation for enhancing specific program activities. Net assets with donor restrictions - purpose restricted are those net assets that are restricted by the donors for specific purposes. Net assets with donor restrictions - endowment funds are those net assets whose principal may not be expended. The donors may or may not restrict the use of investment income.

VERA INSTITUTE OF JUSTICE, INC. AND RELATED ENTITIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 JUNE 30, 2021

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Government Grant and Contracts Revenue, Receivables and Advances from Government Agencies

Government grants and contracts revenue and receivables are recorded when the underlying work is performed as these contracts are structured as exchange transactions and not as donor restricted or without donor restricted grants. To the extent amounts received exceed amounts spent, the Organization establishes advances from government funders. As the conditions are met, the Organization simultaneously releases the government contracts and they are reflected as net assets without donor restrictions. For deliverables and fixed-price contracts, revenue is recorded when the deliverable is met or on the established time interval as described in the contract, respectively. Contract activities and outlays are subject to audit and acceptance by the funding agency and, as a result of such audit, adjustments could be required.

Contributions

Contributions are provided to the Organization either with or without donor restrictions. Revenues and net assets are separately reported to reflect the nature of those gifts - with or without donor restrictions. The value recorded for each contribution or grant is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts and grants, with or without restrictions</i>	
Gifts and grants that depend on the Organization overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met
<i>Unconditional gifts and grants, with or without restrictions</i>	
Received at date of gift - cash and other assets	Fair value
Received at date of gift - property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

VERA INSTITUTE OF JUSTICE, INC. AND RELATED ENTITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Contributions (cont'd.)

Contributions received and unconditional promises to give are recorded at fair value in the period received and are considered to be net assets without donor restrictions unless specifically restricted by the donor. Contributions are recorded net of estimated uncollectible amounts. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met. The Organization records contributions as donor restricted if they are received with donor stipulations that limit their use either through purpose or time restrictions.

Functional Reporting

The statement of functional expenses reports certain categories of expenses that are attributable to one or more program functions within the Organization. Those expenses include salaries and fringe benefits, subcontractors and pass-through funding, rent and depreciation and amortization. Salaries and fringe benefits are allocated across programs based on the proportional share of the employee's full-time equivalent charged to that program or a prescribed time study methodology. Subcontracts and pass-through funding is charged directly to the programs that benefit from the services. Rent and depreciation and amortization are allocated based on usable square footage.

Operating Leases

The Organization has leases with unrelated third parties with certain escalation clauses that require normalization of the rent expense over the life of the leases. As a result, operating lease expense has been recorded on the straight-line basis over the life of the lease. Deferred rent has been recorded for the difference between the fixed payment and rent expense.

Measure of Operations

Changes in net assets from operations include all revenues and expenses for the period except for investment income, net.

Accounting for Uncertainty in Income Taxes

The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the consolidated financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations prior to 2018.

VERA INSTITUTE OF JUSTICE, INC. AND RELATED ENTITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

Note 2 - Summary of Significant Accounting Policies (cont'd.)

New Accounting Pronouncements

ASU 2020-07

In September 2020, the FASB issued Accounting Standards Update (“ASU”) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU increases transparency and provides financial clarity with the reporting of noncash contributions, known as gifts-in-kind. The guidance in this ASU provides for new presentation and disclosure requirements regarding contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. It requires not-for-profit entities to present contributed nonfinancial assets separately in the statement of activities apart from contributions of cash or other financial assets.

The amendments of ASU No. 2020-07 are effective for annual reporting periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early application is permitted for all entities.

ASU No. 2016-02

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This ASU is the result of a joint project of the FASB and the International Accounting Standards Board (“IASB”) to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements for U.S. GAAP and International Financial Reporting Standards (“IFRS”). The guidance in this ASU affects any entity that enters into a lease (as that term is defined in this ASU), with some specified scope exemptions. The guidance in this ASU will supersede FASB ASC Topic 840, *Leases*.

The ASU provides that lessees should recognize lease assets and lease liabilities on the balance sheet for leases previously classified as operating leases that exceed 12 months, including leases existing prior to the effective date of this ASU. It also calls for enhanced leasing arrangement disclosures.

For nonpublic entities, the amendments of ASU No. 2016-02 are effective for annual reporting periods beginning after December 15, 2021, and interim periods within annual periods beginning after December 15, 2022, based on the decision in ASU No. 2020-05 to defer the implementation dates. Early application is permitted.

The Organization has not yet determined if these ASUs will have a material effect on its consolidated financial statements.

Note 3 - Concentration of Credit Risk

The Organization maintains cash balances in several financial institutions, which balances are insured by the Federal Deposit Insurance Corporation (“FDIC”) for up to \$250,000 per institution. From time to time, and at June 30, 2021, the Organization’s balances exceeded these limits.

VERA INSTITUTE OF JUSTICE, INC. AND RELATED ENTITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

Note 4 - Investments and Investment Income

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at June 30, 2021.

Equity and fixed income mutual funds are stated at fair value using Level 1 inputs based on quoted market prices of identical securities in active markets. Fixed income bonds are stated at fair value using Level 2 inputs based upon quoted prices from brokers for similar assets.

Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying statement of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy at June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity and fixed income mutual funds:				
Domestic equity	\$ 21,872,787	\$ -	\$ -	\$ 21,872,787
International equity	4,792,129	-	-	4,792,129
Emerging markets	1,277,969	-	-	1,277,969
Real estate investment trust	463,410	-	-	463,410
Credit sensitive/liquid strategies				
fixed income	11,319,019	-	-	11,319,019
Fixed income bonds	-	32,834,186	-	32,834,186
	<u>39,725,314</u>	<u>32,834,186</u>	-	<u>72,559,500</u>
Alternative assets (a):	-	-	-	918,329
	<u>\$ 39,725,314</u>	<u>\$ 32,834,186</u>	<u>\$ -</u>	<u>\$ 73,477,829</u>

(a) In accordance with FASB ASC Subtopic 820-10, certain investments that were measured at net asset value ("NAV") per share as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statement of financial position.

VERA INSTITUTE OF JUSTICE, INC. AND RELATED ENTITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

Note 4 - Investments and Investment Income (cont'd.)

Alternative Assets

Investments in certain entities measured at fair value using NAV per share as a practical expedient consist of the following:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Venture capital fund (A)	\$ 590,168	\$ 1,480,000	Not redeemable	Not redeemable
Private equity fund (B)	328,161	1,700,000	Not redeemable	Not redeemable
	<u>\$ 918,329</u>	<u>\$ 3,180,000</u>		

(A) The Venture capital fund's ("VC Fund") objective is to achieve long-term capital appreciation by investing in a select portfolio of approximately ten to twenty venture capital funds and/or growth equity funds. The VC Fund will focus on early and later stage venture capital and venture growth equity investments that are primarily focused on the information technology sector, along with other sectors. The VC Fund has a lockup period of 12 years before Vera can access these funds.

(B) The Private equity fund's ("PE Fund") objective is to achieve long-term capital appreciation by investing in a select portfolio of approximately ten to twenty private equity funds and middle-market buy-out funds. The PE Fund will focus on small and lower middle market funds that are pursuing growth capital, buyouts and turnaround strategies. The PE Fund has a lockup period of 12 years before Vera can access these funds.

Investments Held for Retirement Plan

The following table presents the fair value measurement of investments held for retirement plan recognized in the accompanying consolidated statement of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy at June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	<u>\$ 232,607</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 232,607</u>

VERA INSTITUTE OF JUSTICE, INC. AND RELATED ENTITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

Note 4 - Investments and Investment Income (cont'd.)

For the year ended June 30, 2021, investment income, net consists of:

Dividend and interest income	\$ 1,383,995
Realized and unrealized gains on investments	7,912,283
Investment advisory expense	<u>(252,440)</u>
	<u><u>\$ 9,043,838</u></u>

Note 5 - Contributions Receivable

Contributions receivable consist of the following:

Receivable in less than one year	\$ 17,067,731
Receivable in one to five years	<u>2,727,105</u>
	<u><u>\$ 19,794,836</u></u>

Note 6 - Conditional Contributions

Vera has received the following conditional contribution at June 30, 2021, which is not recognized in the consolidated financial statements. The contribution will be recognized in future years as conditions are met:

Contributor	Term	Contribution Award	Earned as of June 30, 2021	Funding Available
Blue Meridian Partners	7/1/20 - 7/1/23	<u>\$ 25,000,000</u>	<u>\$ 10,000,000</u>	<u>\$ 15,000,000</u>

Note 7 - Fixed Assets

Fixed asset, net consist of the following:

Leasehold improvements	\$ 6,825,651
Computer equipment	908,420
Furniture	643,218
Office equipment	<u>170,953</u>
	8,548,242
Less: Accumulated depreciation and amortization	<u>3,355,791</u>
	<u><u>\$ 5,192,451</u></u>

Depreciation and amortization expense related to fixed assets totaled \$672,416 for the year ended June 30, 2021. For the year ended June 30, 2021, Vera disposed of \$32,878 of fully amortized leasehold improvements.

VERA INSTITUTE OF JUSTICE, INC. AND RELATED ENTITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

Note 8 - Endowments

Vera maintains donor-restricted and board designated endowment funds that are established for a variety of purposes. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Vera classifies as net assets with donor restrictions - endowment (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In addition, Vera classifies any unspent accumulated earnings as part of net assets with donor restrictions - endowment.

Vera considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of Vera and donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of Vera, (7) Vera's investment policies, and (8) when appropriate, alternatives to spending from the donor-restricted endowment funds and the possible effects of those alternatives on Vera.

The Endowment Fund (the "Fund") was established in fiscal year 1987 as a board designated fund to function as and to achieve the same general purposes as a permanent endowment. Policy guidelines established by Vera's Board of Trustees incorporate this requirement and provide that the Fund was to be known as the "Endowment Fund."

The Fund continues to be accounted for in a separate, segregated fund and the Finance and Investment Committee of Vera's Board of Trustees continues to exercise investment decisions and establishes and maintains investment guidelines and strategies.

Vera's investment and spending policies attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds if possible. Investment risk is measured in terms of the total Endowment Fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk. During 2021, the Board of Trustees voted to not make any appropriations.

VERA INSTITUTE OF JUSTICE, INC. AND RELATED ENTITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

Note 8 - Endowments (cont'd.)

Endowment net asset composition by type of fund at June 30, 2021 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 1,250,000	\$ 1,250,000
Board-designated endowment funds	41,195,804	-	41,195,804
 Total	 <u>\$ 41,195,804</u>	 <u>\$ 1,250,000</u>	 <u>\$ 42,445,804</u>

Changes in endowment net assets for the year ended June 30, 2021 are as follows:

	Board Designated Endowment	Donor Restricted Endowment	Total
Endowment net assets, July 1, 2020	\$ 32,500,560	\$ 1,250,000	\$ 33,750,560
Investment income, net	8,695,244	-	8,695,244
 Endowment net assets, June 30, 2021	 <u>\$ 41,195,804</u>	 <u>\$ 1,250,000</u>	 <u>\$ 42,445,804</u>

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or the New York Prudent Management of Institutional Funds Act requires Vera to retain as a fund of perpetual duration. There were no such deficiencies at June 30, 2021.

Note 9 - Loans Payable

Line of Credit

Vera entered into a revolving line of credit agreement with a financial institution, which provides for borrowings up to \$2,500,000. The line of credit is secured by a blanket first lien on substantially all the assets of Vera and is subject to restrictive covenants. Interest is charged at the greater of the bank's prime rate (3.25% as of June 30, 2021) less 0.75%, or two hundred basis points in excess of a rate of interest determined by the bank in accordance with its customary procedures less 0.75%. Interest expense incurred for the year ended June 30, 2021 was \$17,559, and there were no amounts outstanding at June 30, 2021.

Subsequent to year-end, in October 2021, Vera terminated its prior line of credit and entered into a new line of credit agreement with a different financial institution which provides for borrowings up to \$10,000,000. The line of credit is secured by a blanket first lien on substantially all the assets of Vera and is subject to restrictive covenants. Interest is charged at the greater of prime rate less 1.5%, or 1.25%.

VERA INSTITUTE OF JUSTICE, INC. AND RELATED ENTITIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 JUNE 30, 2021

Note 9 - Loans Payable (cont'd.)

Line of Credit (cont'd.)

In December 2020, PG entered into a revolving line of credit agreement with a financial institution which provides for borrowings up to \$1,000,000. The line of credit is secured by a blanket first lien on substantially all the assets of PG and is subject to restrictive covenants. Vera has guaranteed payment of amounts outstanding on the line of credit. Interest is charged at the bank's prime rate (3.25% as of June 30, 2021) plus .25%. Interest expense was \$80 for the year ended June 30, 2021. The balance outstanding was \$95,000 at June 30, 2021.

Paycheck Protection Program Loan

On May 5, 2020, Vera received a \$5,493,100 loan from a financial institution under the Paycheck Protection Program established by the U.S. Small Business Administration. This loan was fully repaid on July 1, 2020.

Note 10 - Net Assets with Donor Restrictions and Net Assets Released from Restrictions

At June 30, 2021, net assets with donor restrictions are available for the following purposes:

Vera Institute of Justice, Inc.	
Demonstration projects	\$ 12,630
Centers and programs	23,420,873
General and administrative	323,160
Planning and research	26,673
Time restricted contributions	4,203,600
	<u>\$ 27,986,936</u>

Net assets with donor restrictions were released from restrictions for the year ended June 30, 2021 by incurring expenses satisfying the following:

Vera Institute of Justice, Inc.	
Demonstration projects	\$ 337,006
Centers and programs	15,871,929
General and administrative	192,080
Planning and research	13,667
Time restricted contributions	4,248,796
	<u>\$ 20,663,478</u>

VERA INSTITUTE OF JUSTICE, INC. AND RELATED ENTITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

Note 11 - Employee Benefit Plans

Vera maintains a defined contribution group pension plan whereby contributions are made in an amount equal to 5% of annual compensation for all eligible employees. Employees are eligible to participate in the plan if they have completed one year of service and contribute at least 3% of their annual salary to the Vera Tax Sheltered Annuity Plan (“Annuity Plan”). The Annuity Plan is a defined contribution tax sheltered annuity plan that allows employees to defer a portion of their salaries for tax purposes through payroll deductions. Contributions to the pension plan for the year ended June 30, 2021 amounted to \$844,911.

Vera also has a 457(b) plan for certain executives. As of June 30, 2021, the liability was \$232,607. Contributions to this plan for the year ended June 30, 2021 were \$108,996.

Note 12 - Operating Leases

The Organization currently has various cancellable and noncancellable property lease agreements in connection with its programs which expire at various dates through September 2034. The property leases are subject to real estate tax escalations. Rental expense for the Organization under all operating leases for the year ended June 30, 2021 was \$1,814,521. The minimum annual future rental commitments are as follows:

<u>Years Ending June 30:</u>	
2022	\$ 1,340,415
2023	1,305,081
2024	1,302,885
2025	1,447,980
2026	1,526,757
Thereafter	15,408,801
	<u>\$ 22,331,919</u>

Note 13 - Funds Held on Behalf of Others

Prior to November 1, 2020, Vera, through the Guardianship Project, acted as the court-appointed guardian for designated individuals. On November 1, 2020, Vera spun off the Guardianship Project into its own legal entity, PG, which now acts as the court-appointed guardian. PG provides guardianship services for older adults and people with disabilities in New York City who have been determined by a judge to be unable to care for themselves. PG’s administration of these assets is limited as dictated in the Order and Judgment, which limits the scope of PG’s authority to handle financial tasks. At times during the year, cash balances for PG, which are in the designated individual’s and Vera’s name, may exceed the limits of FDIC insurance coverage. These amounts are not included in the accompanying consolidated financial statements.

VERA INSTITUTE OF JUSTICE, INC. AND RELATED ENTITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

Note 13 - Funds Held on Behalf of Others (cont'd.)

The approximate value of the assets at June 30, 2021 is as follows:

Cash	\$ 7,000,000
Securities	2,000,000
Real property	<u>16,000,000</u>
	<u>\$ 25,000,000</u>

Note 14 - Available Resources and Liquidity

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 has various sources of liquidity at its disposal, including cash and cash equivalents, investments and lines of credit.

The following reflects the Organization's financial assets as of June 30, 2021, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations:

Cash and cash equivalents	\$ 8,128,753
Investments	73,477,829
Grants and contracts receivable, net	48,610,037
Contributions receivable, net	<u>19,794,836</u>
Total financial assets	150,011,455
Less: Donor imposed restrictions or internal designations	
Receivable scheduled to be collected in more than one year	(2,727,105)
Board designated endowment	(41,195,804)
Purpose restricted net assets	(27,986,936)
Donor restricted endowment	<u>(1,250,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 76,851,610</u>

VERA INSTITUTE OF JUSTICE, INC. AND RELATED ENTITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

Note 15 - Contingencies

The Organization has contracted with various funding agencies to perform services and receives reimbursements from federal, state and city governments. Reimbursements received under these contracts and payments are subject to audit by the federal, state and city governments. Upon audit, if discrepancies are discovered, the Organization could be held responsible for refunding the amounts in question. The Organization records such adjustments when the final audit amount is determined. At June 30, 2021, there were no material obligations as a result of such audits, and the Organization's management believes that unaudited activities will not result in any material obligations. In the opinion of the Organization's management, any liabilities that might be incurred would not have a material effect on the Organization's financial position or results of operations.

As a result of the spread of COVID-19, economic uncertainties have arisen which are likely to impact the recognition of program services revenue, contributions and special events, and the collectability of receivables. Other financial impact could occur, though such potential impact is unknown at this time.

Vera is involved in litigation arising in the normal course of business. Management estimates that such matters will be resolved without a material adverse effect on Vera's future financial position, liquidity and results from operations.

Note 16 - Subsequent Events

The Organization has evaluated all events or transactions that occurred after June 30, 2021 through December 13, 2021, which is the date that these consolidated financial statements were available to be issued. During this period, there were no material subsequent events requiring disclosure, except as noted in Note 9.

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To The Board of Trustees
Vera Institute of Justice, Inc. and Related Entities
New York, New York

We have audited the consolidated financial statements of Vera Institute of Justice, Inc. and Related Entities at June 30, 2021 and for the year then ended, and our report thereon dated December 13, 2021, which expressed an unmodified opinion on those consolidated financial statements, appears on pages one and two. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities are presented for the purpose of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Grassi & Co., CPAs, P.C.

GRASSI & CO., CPAs, P.C.

New York, New York
December 13, 2021

VERA INSTITUTE OF JUSTICE, INC. AND RELATED ENTITIES
SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

	<u>ASSETS</u>				
	<u>Vera Institute of Justice</u>	<u>Vera Action</u>	<u>Project Guardianship</u>	<u>Eliminations</u>	<u>Total</u>
Cash and cash equivalents	\$ 6,797,053	\$ 1,250,032	\$ 81,668	\$ -	\$ 8,128,753
Investments	73,477,829	-	-	-	73,477,829
Grants and contracts receivable, net	47,301,504	-	1,308,533	-	48,610,037
Contributions receivable, net	18,751,394	1,000,000	43,442	-	19,794,836
Investments held for retirement plan	232,607	-	-	-	232,607
Due from affiliates	200,016	-	-	(200,016)	-
Prepaid expenses and other assets	911,179	-	-	-	911,179
Fixed assets, net	5,192,451	-	-	-	5,192,451
TOTAL ASSETS	\$ 152,864,033	\$ 2,250,032	\$ 1,433,643	\$ (200,016)	\$ 156,347,692
<u>LIABILITIES AND NET ASSETS</u>					
LIABILITIES:					
Accounts payable and accrued expenses	\$ 35,738,509	\$ -	\$ -	\$ -	\$ 35,738,509
Accrued salaries and related benefits payable	3,080,258	-	-	-	3,080,258
Deferred rent	1,073,309	-	-	-	1,073,309
Deferred compensation payable	232,607	-	-	-	232,607
Advances from government agencies	-	-	330,475	-	330,475
Due to affiliates	-	100,049	99,967	(200,016)	-
Loans payable	-	-	95,000	-	95,000
TOTAL LIABILITIES	40,124,683	100,049	525,442	(200,016)	40,550,158
COMMITMENTS AND CONTINGENCIES					
NET ASSETS:					
Without donor restrictions:					
Operating	42,306,610	2,149,983	908,201	-	45,364,794
Board designated	41,195,804	-	-	-	41,195,804
Total without donor restrictions	83,502,414	2,149,983	908,201	-	86,560,598
With donor restrictions:					
Purpose restricted	27,986,936	-	-	-	27,986,936
Endowment	1,250,000	-	-	-	1,250,000
Total with donor restrictions	29,236,936	-	-	-	29,236,936
TOTAL NET ASSETS	112,739,350	2,149,983	\$ 908,201	-	115,797,534
TOTAL LIABILITIES AND NET ASSETS	\$ 152,864,033	\$ 2,250,032	\$ 1,433,643	\$ (200,016)	\$ 156,347,692

See independent auditors' report on supplementary information.

VERA INSTITUTE OF JUSTICE, INC. AND RELATED ENTITIES
SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Vera Institute of Justice				Vera Action	Project Guardianship		
	With Donor Restrictions				Without Donor Restrictions	Without Donor Restrictions		
	Without Donor Restrictions	Purpose Restricted	Endowment	Total With Donor Restrictions		Total	Total	
Operating revenue and other support:								
Government grants and contracts	\$ 150,146,669	\$ -	\$ -	\$ -	\$ 150,146,669	\$ -	\$ 1,230,698	\$ 151,377,367
Contributions	15,990,521	14,044,203	-	14,044,203	30,034,724	2,250,000	228,625	32,513,349
Special events	473,250	-	-	-	473,250	-	-	473,250
Miscellaneous revenue	98,206	-	-	-	98,206	110	-	98,316
Net assets released from restrictions	20,663,478	(20,663,478)	-	(20,663,478)	-	-	-	-
Total operating revenue and other support	187,372,124	(6,619,275)	-	(6,619,275)	180,752,849	2,250,110	1,459,323	184,462,282
Operating expenses:								
Program services	158,616,161	-	-	-	158,616,161	-	1,249,980	159,866,141
Supporting services:								
Management and general	13,148,767	-	-	-	13,148,767	100,127	220,303	13,469,197
Fundraising	1,648,132	-	-	-	1,648,132	-	12,662	1,660,794
Total operating expenses	173,413,060	-	-	-	173,413,060	100,127	1,482,945	174,996,132
Excess of operating revenue and other support over operating expenses	13,959,064	(6,619,275)	-	(6,619,275)	7,339,789	2,149,983	(23,622)	9,466,150
Investment income, net	9,043,838	-	-	-	9,043,838	-	-	9,043,838
Change in net assets before other changes	23,002,902	(6,619,275)	-	(6,619,275)	16,383,627	2,149,983	(23,622)	18,509,988
Transfer to Project Guardianship	(931,823)	-	-	-	(931,823)	-	931,823	-
Change in net assets	22,071,079	(6,619,275)	-	(6,619,275)	15,451,804	2,149,983	908,201	18,509,988
Net assets, beginning of year	61,431,335	34,606,211	1,250,000	35,856,211	97,287,546	-	-	97,287,546
Net assets, end of year	\$ 83,502,414	\$ 27,986,936	\$ 1,250,000	\$ 29,236,936	\$ 112,739,350	\$ 2,149,983	\$ 908,201	\$ 115,797,534

See independent auditors' report on supplementary information.