INFACT
(d/b/a CORPORATE ACCOUNTABILITY)
Financial Statements
June 30, 2023
With Independent Auditor's Report

withum
ADVISORY TAX AUDIT

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(d/b/a Corporate Accountability)
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ADVISORY TAX AUDIT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
INFACT (d/b/a Corporate Accountability):

Opinion

We have audited the accompanying financial statements of INFACT (d/b/a Corporate Accountability), (the "Organization"), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets, 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 the Organization as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Organization adopted Accounting Standards Update 2016-06, *Leases*, as of July 1, 2022. Prior period amounts have not been adjusted and continue to be reported in accordance with the Organization's historic accounting under Topic 840. Our opinion is not modified with respect to this matter.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 the Organization'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 the Organization'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.

Withum Smith+Brown, PC

October 4, 2023

INFACT
(d/b/a Corporate Accountability)
Statement of Financial Position
June 30, 2023

Assets	
Current asset	
Cash and equivalents	$ 6,081,855
Property and equipment, net	14,328
Other assets	
Investments	620,992
Right-of-use asset	1,432,571
Total other assets	2,053,563
Total assets	$ 8,149,746
Liabilities and Net Assets	
Current liabilities	
Accounts payable	$ 146,692
Accrued expenses	10,000
Accrued vacation	268,857
Current portion of lease liability - operating	622,015
Current portion of Paycheck Protection Program Loan	152,512
Total current liabilities	1,200,076
Long-term liabilities	
Lease liability - operating, net of current portion	955,952
Paycheck Protection Program Loan, net of current portion	283,783
Total long-term liabilities	1,239,735
Total liabilities	2,439,811
Net assets	
Without donor restrictions	5,172,022
With donor restrictions	537,913
Total net assets	5,709,935
Total liabilities and net assets	$ 8,149,746

The Notes to the Financial Statements are an integral part of this statement.

INFACT
(d/b/a Corporate Accountability)
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Contributions of financial assets	$ 7,556,244	$ 462,769	$ 8,019,013
Other income	10,642	-	10,642
Net assets released from restriction	519,807	(519,807)	-
Total support and revenue	8,086,693	(57,038)	8,029,655
Expenses			
Program services	8,055,320	-	8,055,320
General and administrative	409,220	-	409,220
Fundraising	394,285	-	394,285
Total expenses	8,858,825	-	8,858,825
Change in net assets	(772,132)	(57,038)	(829,170)
Net assets			
Beginning of year	5,944,154	594,951	6,539,105
End of year	$ 5,172,022	$ 537,913	$ 5,709,935

The Notes to the Financial Statements are an integral part of this statement.

INFACT
(d/b/a Corporate Accountability)
Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services	General and Administrative	Fundraising	Total
Expenses				
Salaries and benefits	$ 4,571,114	$ 260,105	$ 245,074	$ 5,076,293
Payroll taxes	257,678	15,687	14,908	288,273
Advertising	288	-	-	288
Bank charges	-	65,955	-	65,955
Conferences and trainings	128,313	-	4,913	133,226
Consultants and contract services	443,778	15,825	88,000	547,603
Depreciation	-	5,244	-	5,244
Equipment and maintenance	22,400	54	72	22,526
Grants	1,298,516	-	-	1,298,516
Insurance	14,738	-	-	14,738
Legal fees	41,899	12	16	41,927
Media and education	432,778	-	-	432,778
Meetings and events	18,454	6,275	268	24,997
Postage and shipping	11,563	75	578	12,216
Printing and copying	45	-	-	45
Publications and membership dues	22,953	136	6,621	29,710
Rent	564,128	18,480	24,640	607,248
State registration fees	565	19	26	610
Supplies	3,497	116	155	3,768
Telephone and Internet	33,180	1,002	1,336	35,518
Travel	179,094	19,949	7,296	206,339
Utilities	8,348	286	382	9,016
Other expenses	1,991	-	-	1,991
Total function expenses	$ 8,055,320	$ 409,220	$ 394,285	$ 8,858,825

The Notes to the Financial Statements are an integral part of this statement.

INFACT
(d/b/a Corporate Accountability)
Statement of Cash Flows
Year Ended June 30, 2023

Operating activities		
Change in net assets	$	(829,170)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation		5,244
Net unrealized gain		(3,605)
Changes in assets and liabilities		
Pledges receivable		30,000
Lease liability - operating		145,396
Accounts payable and accrued expenses		(151,579)
Accrued vacation		2,110
Deferred rent		(217,977)
Net adjustments		(190,411)
Net cash used in operating activities		(1,019,581)
Financing activity		
Acquisition of property and equipment		(5,496)
Net cash used in financing activity		(5,496)
Investing activities		
Purchase of investments		(617,387)
Payments on Paycheck Protection Program loan		(151,059)
Net cash used in investing activities		(768,446)
Change in cash and equivalents		(1,793,523)
Cash and equivalents		
Beginning of year		7,875,378
End of year	$	6,081,855

The Notes to the Financial Statements are an integral part of this statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The significant accounting policies followed by INFACT, doing business as Corporate Accountability (the "Organization"), are described below to enhance the usefulness of the financial statements to the reader.

Nature of Activities

The Organization is a not-for-profit organization incorporated in Minnesota. Its goal is to educate the public about life-threatening abuses by global corporations, including interference in public policymaking. The Organization's headquarters are located in Boston, Massachusetts, with other satellite offices globally.

Basis of Presentation

The statement of activities reports all changes in net assets, including changes in net assets without donor restrictions from operating and non-operating activities. Operating revenues consist of those items attributable to the Organization's ongoing purpose. Non-operating activities are limited to resources that generate returns from investments and other activities considered to be of a more unusual or nonrecurring nature.

Standards of Accounting and Reporting

The Organization's net assets (excess of its assets over liabilities) and its revenues, expenses, gains and losses are classified based on the existence or absence of donor imposed restrictions.

The statement of financial position presents two classes of net assets (net assets without donor restrictions and net assets with donor restrictions) and the statement of activities and changes in net assets displays the change in each class of net assets. The classes of net assets applicable to the Organization are presented as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expensed for any purpose in performing the objectives of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors.

Net assets with donor restrictions: Net assets that are subject to stipulations imposed by donors and grantors. Some restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents

Cash and equivalents include all monies in banks and highly liquid investments with original maturities of three months or less.

Pledges Receivable

Unconditional promises to give are included in the financial statements as pledges receivable and revenue for the appropriate net asset category. Pledges are recorded at the present value of the expected future cash flows using a risk-free interest rate commensurate with the date of the donation. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. As of June 30, 2023, there are no pledges outstanding to be collected.

Property and Equipment
Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the lesser of the estimated useful lives of the assets or the lease term. The Organization's policy is to capitalize property and equipment acquired and expense normal repairs and maintenance as incurred. The Organization's management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered. Estimated useful lives of the Organization's property and equipment are as follows:

Description	Estimated Life (Years)
Furniture and equipment	3-7
Leasehold improvements	10-15

Investments
Investments are stated at fair value. Publicly traded securities are valued based upon quoted market prices at the close of business on the last day of the fiscal year. Unrealized gains and losses are included in the change in net assets. Realized investment gains and losses are determined by using the average cost of the investment. Purchases and sales of investments are recorded at cost of the trade date.

Securities received as gifts are recorded at fair value at the date of the gift.

Investment securities are exposed to various risks, such as interest rate, market, and credit. Due to the level of uncertainty related to changes in interest rates, market volatility and credit risks, it is at least reasonably possible that changes in these risks could materially affect the fair value of investments and related activity reported on the financial statements.

Fair Value Measurements
Promulgations of the Financial Accounting Standards Board ("FASB") have established a framework for measuring fair value, which provides a 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Management establishes fair value measurement valuation policies for the valuation of all investments. Annually, at a minimum, management reviews the continuing viability of the valuation techniques used to establish fair value measurements and evaluates and adjusts, as necessary, the unobservable inputs used in the fair value measurements based on current market conditions and other third-party information. The Board of Directors assesses and approves these policies. Any transfers between levels of the fair value hierarchy are recognized at the end of a reporting period.

Income Taxes

The Organization has been notified by the Internal Revenue Service that it meets the qualifications to be classified as a tax-exempt entity under Section 501(c)(3) of the Internal Revenue Code. As a not-for-profit entity exempt from income taxes, the Organization may, however, be subject to tax on unrelated business income.

U.S. GAAP requires an entity to assess the probability that a tax position has a "more likely than not" sustainability after review by tax authorities. If a tax position is deemed not to meet this threshold, any unrecognized tax benefits and costs are estimated and recognized. Tax returns are routinely open for review by the tax authorities for three years from their due date. In certain circumstances, the statute of limitations may remain open indefinitely. As of June 30, 2023, there were no uncertain tax positions, reviews/audits of information, or interest/penalties.

Compensated Absences

Eligible employees accrue vacation time for each month they work. Upon termination, the employees are entitled to receive payment of their unused balance.

Contributions

Contributions are recognized as revenue when they are unconditional, usually when qualifying expenditures are incurred and other conditions under the agreement are met. In addition to conditions under the agreement, contributions are also classified as conditional if there is a barrier that must be overcome before the recipient is entitled to the asset transferred and the donor has the right to request the asset back if it is not used properly.

Unconditional contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. Contributions with donor-imposed stipulations regarding the purpose and how long the contributed assets must be used are recorded as net assets with donor restrictions. When a 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 in the statements of activities and changes in net assets as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation.

Advertising
The Organization charges the cost of advertising to expense as incurred. For the year ended June 30, 2023, advertising costs amounted to $288.

Functional Allocation of Expenses
The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities and changes in net assets. The statements of functional expenses present the natural classification detail by function. Accordingly, certain costs have been allocated among the program and supporting services benefited based on a direct identification basis, where practical, and on a percentage allocation basis based on management's judgement using time and effort as a cost allocation method.

Use of Estimates
The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions about future events. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as reported amounts of revenues and expenses during the reporting period. Management evaluates the estimates and assumptions on an ongoing basis using historical experience and other factors that management believes to be reasonable under the circumstances. Adjustments to estimates and assumptions are made as facts and circumstances require. As future events and their effects cannot be determined with certainty, actual results may differ from the estimates used in preparing the accompanying financial statements. Significant estimates and assumptions are required as part of determining the value of pledges receivable, estimating depreciation, and the recoverability of long-lived assets.

Adoption of New Accounting Pronouncement
FASB issued Accounting Standards Update ("ASU") 2016-02, *Leases*, which is effective for periods after December 15, 2021. The purpose of this pronouncement requires lessees to recognize on their statement of financial position the rights and obligations resulting from leases categorized as operating leases as assets and liabilities. It provides for an election on leases with terms of less than twelve months to be excluded. The implementation of this standard did not have a material impact to the financial statements.

Upon adoption, the Organization recognized a $1,432,571 right-of-use ("ROU") asset related to its leased property and equipment. A corresponding lease liability of $1,577,967 was also recognized. Deferred rent liability of $175,802 was reclassified and netted against the ROU asset. There was no cumulative effect of applying the new standard and accordingly there was no adjustment to net assets upon adoption.

2. PROPERTY AND EQUIPMENT

A summary of the major components of property and equipment at June 30, 2023 is as follows:

Leasehold improvements	$	36,328
Furniture and equipment		148,095
		184,423
Less: Accumulated depreciation		(170,095)
Property and equipment, net	$	14,328

3. INVESTMENTS

Investments are presented in the financial statements at fair value based on quoted market prices. Fair values at or as of June 30, 2023 are summarized as follows:

Fixed income	$ 620,992

The following is a description of the valuation methodologies used for assets measured at fair value:

Fixed Income: the fair values of U.S. treasury bonds are based on quoted market prices in active markets and are included in the Level 1 fair value hierarchy. We believe the market for U.S. treasury bonds is an actively traded market given the high level of daily trading volume.

The Organization's investments are classified as Level 1 assets in the fair value hierarchy as of June 30, 2023.

4. PAYCHECK PROETECTION PROGRAM LOAN

In April 2021 and 2020, the Organization received Paycheck Protection Program ("PPP") loans from the Federal Government each in the amount of $1,400,500. The loans will be forgiven based upon the Organization using the proceeds on eligible expenses over a twenty-four-week period from the time that the loan is obtained. Eligible expenses include payroll and related benefits, utilities, and rent. In June 2021, the Small Business Administration (the "SBA"), acting on behalf of the Federal Government, forgave the entire first loan. In April 2022, the SBA only forgave $800,635 of the second PPP loan. As a result, the remaining $599,865 became a four-year term loan with an interest rate of 1% per year. As of June 30, 2023, the amount outstanding was $436,295.

Maturities of the PPP loan subsequent to June 30, 2023 are as follows:

2024	$ 152,512
2025	154,075
2026	129,708
	$ 436,295

5. LINE OF CREDIT

The Organization has a revolving line of credit allowing for maximum borrowings of $600,000, secured by all of the Organization's assets. Interest is payable monthly at the financial institution's base rate which can fluctuate at the bank's discretion based on economic conditions. The Organization renewed this agreement with the bank during the year. There was no balance outstanding at June 30, 2023.

6. LEASING ACTIVITIES

The Organization leases its Boston, Massachusetts headquarters under a lease agreement with escalating monthly payments concluding in December 2025. The Organization has a second lease in Berkeley, California, which has annual rent increases concluding in December 2024. The Organization's additional office spaces are all tenant-at-will arrangements. Due to the large payments at the beginning of the lease, the Organization had an accrued rent of $176,000, which was netted with the right of use asset at the implementation of ASU 2016-02, *Leases*. No other payments are due other than the monthly payments.

The Organization's incremental borrowing rate for a transaction with similar attributes was used to discount the lease payments for the leases described above to recognize the intangible right to use this asset and the associated lease liability. The calculated interest is the assumed interest in the monthly lease payment.

Annual requirements to amortize the right of use asset and related interest subsequent to June 30, 2023 are as follows:

2024	$ 585,702	$ 36,313
2025	617,632	18,990
2026	374,633	2,714
	$ 1,577,967	$ 58,017

7. NET ASSETS

Net assets with donor restrictions consist of amounts received for Real Food Media: A Project of Corporate Accountability and pledged contributions that are expected to be received in future years.

For the year ended June 30, 2023, the Organization released $490,138 of net assets with donor restrictions for expenditure purposes related to Real Food Media: A Project of Corporate Accountability.

For the year ended June 30, 2023, the Organization released $29,669 of net assets with donor restrictions related to program support.

8. RETIREMENT PLAN

The Organization maintains a 401(k) plan covering all eligible employees. Employer contributions for the years ended June 30, 2023 totaled $84,686.

9. RISKS AND UNCERTAINTIES

Cash and Equivalents

The Organization maintains cash balances at financial institutions, which throughout the year, exceed the federal incurred limit of $250,000. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Organization’s financial condition, results of operations, and cash flows.

Investments

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. The Organization’s holdings of equities, and money market, are held in a brokerage account with a national brokerage firm. These accounts are protected by the Securities Investor Protection Corporation (“SIPC”). In the event of broker-dealer failure, up to $500,000 in these accounts will be protected from loss. The SIPC insurance does not protect against market loss on investments. The Organization’s investments in common pooled funds are not covered under SIPC insurance.

10. AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets available to meet general expenditures within one year at June 30, 2023:

Financial assets at year end	
Cash and equivalents	$ 6,081,855
Less: Amounts not available to be used within one year:	
Net assets with donor restrictions	537,913
Financial assets available to meet general expenditures within one year	$ 5,543,942

The Organization reviews its cash position on a regular basis to ensure that adequate funds are on hand to meet expenses. If funds are needed for expenses, management can draw down the on the line of credit (see Note 5), which allows borrowing up to $600,000. At June 30, 2023, management believes that the Organization has no liquidity issues.

11. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 4, 2023, the date the financial statements were available for issuance and did not identify any events subsequent to June 30, 2023 requiring disclosure in these financial statements.