

VOICE OF THE FAITHFUL, INC.
FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2022 AND 2021

Orel & Associates CPAs, Inc.

Certified Public Accountants

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VOICE OF THE FAITHFUL, INC.

MAY 31, 2022 AND 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Voice of the Faithful, Inc.
Needham, Massachusetts

Opinion

We have audited the accompanying financial statements of Voice of the Faithful, Inc., which comprise the statement of financial position as of December 31, 2022 and 2021, and changes in its net assets and its 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 Voice of the Faithful, Inc. as of December 31, 2022 and 2021, and 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 audits 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 Voice of the Faithful, Inc. and to meet 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 Voice of the Faithful, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Board of Directors
Voice of the Faithful, Inc.
Naples, Florida

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 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 Voice of the Faithful, 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 Voice of the Faithful, 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.

Orel & Associates CPAs Inc.

Orel & Associates CPAs Inc.
March 21, 2023

Voice of the Faithful, Inc.
Statements of Financial Position
May 31, 2022 and 2021

ASSETS

	2022	2021
<u>Assets</u>		
Cash	\$ 350,879.80	\$ 236,040.61
Prepaid Expenses	2,631.05	4,517.49
Deposits	1,650.00	1,650.00
Property & Equipment (Net)	1,394.00	2,322.00
Intangible Asset (Net)	-	-
Total Assets	\$ 356,554.85	\$ 244,530.10

LIABILITIES AND NET ASSETS

<u>Liabilities</u>		
Accounts Payable & Accrued Expenses	\$ 2,929.56	\$ 5,272.19
Accrued Payroll Liabilities	1,900.24	12,674.81
Loan Payable - PPP	-	23,541.70
	4,829.80	41,488.70
<u>Net Assets</u>		
Unrestricted Net Assets	324,598.24	180,813.57
Temporarily Restricted Net Assets	27,126.81	22,227.83
	351,725.05	203,041.40
Total Liabilities and Net Assets	\$ 356,554.85	\$ 244,530.10

See accompanying auditor's report and notes.

Voice of the Faithful, Inc.
Statements of Activities
Years Ended May 31, 2022 and 2021

	2022			2021		
	Unrestricted	Temporarily Restricted	Totals	Unrestricted	Temporarily Restricted	Totals
<u>Support and Revenues</u>						
Contributions	\$450,779.90	\$ 20,000.00	\$470,779.90	\$288,755.35	\$ -	\$288,755.35
In-Kind Contributions	3,725.23	-	3,725.23	-	-	
Other	280.94	-	280.94	308.59	-	308.59
PPP Loan Forgiveness	23,541.70	-	23,541.70	23,600.00	-	23,600.00
Investment Return	97.74	-	97.74	177.83	-	177.83
Total Support & Revenues	478,425.51	20,000.00	498,425.51	312,841.77	-	312,841.77
Net Assets Released from Restrictions	15,101.02	(15,101.02)	-	9,565.49	(9,565.49)	-
Total Support, Revenues & Reclassifications	493,526.53	4,898.98	498,425.51	322,407.26	(9,565.49)	312,841.77
<u>Expenses</u>						
Program Services	191,168.74	-	191,168.74	164,120.35	-	164,120.35
Supporting Services:						
General &						
Administrative	68,745.85	-	68,745.85	68,510.77	-	68,510.77
Fund-Raising	89,827.27	-	89,827.27	79,269.35	-	79,269.35
Total Expenses	349,741.86	-	349,741.86	311,900.47	-	311,900.47
<u>Change in Net Assets</u>	143,784.67	4,898.98	148,683.65	10,506.79	(9,565.49)	941.30
Net Assets - Beginning of Year	180,813.57	22,227.83	203,041.40	170,306.78	31,793.32	202,100.10
<u>Net Assets - End of Year</u>	\$324,598.24	\$ 27,126.81	\$351,725.05	\$180,813.57	\$ 22,227.83	\$203,041.40

See accompanying auditor's report and notes.

Voice of the Faithful, Inc.
Statements of Cash Flows
Years Ended May 31, 2022 and 2021

	2022	2021
<u>Cash Flows from Operating Activities:</u>		
Change in Net Assets	\$ 148,683.65	\$ (38,886.53)
Adjustments to Reconcile Excess Revenues (Expenses) to Cash Used in Operating Activities:		
Depreciation & Amortization	928.00	1,190.99
Recognition of PPP Loan Forgiveness	(23,541.70)	-
(Increase) Decrease in Assets:		
Prepaid Expenses	1,886.44	2,083.17
Increase (Decrease) in Liabilities:		
Accounts Payable & Accrued Expenses	(2,342.63)	422.76
Accrued Payroll Liabilities	(10,774.57)	(740.07)
Net Cash Used in Operating Activities	114,839.19	(35,929.68)
<u>Cash Flows from Financing Activities:</u>		
Advances from PPP loan	23,541.70	23,600.00
Net Cash Provided by Financing Activities	23,541.70	23,600.00
Net Change in Cash & Cash Equivalents	138,380.89	(12,329.68)
Cash and Cash Equivalents - Beginning	236,040.61	242,839.25
Cash and Cash Equivalents - Ending	\$ 374,421.50	\$ 230,509.57

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Net cash paid (received) during the year for:

Income taxes	\$ -	\$ -
Interest Expense	\$ -	\$ -

See accompanying auditor's report and notes.

VOICE OF THE FAITHFUL, INC.
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2022 AND 2021

Note 1- Nature of Activities

Voice of the Faithful, Inc. (the “Organization”) was formed on June 26, 2002 as a Massachusetts nonprofit corporation, and was issued a Determination Letter by the IRS on June 26, 2002 recognizing its tax exempt status as a 501(c)(3) organization. The Organization was formed in response to the clergy sexual abuse crisis. Its mission is to provide a prayerful voice, attentive to the spirit, through which the Faithful can actively participate in the governance and guidance of the Catholic Church. The Organization seeks to support survivors of clergy sexual abuse, support priests of integrity, and shape structural change within the Church.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting - The accounts of the Organization are maintained, and the accompanying financial statements have been prepared, on the accrual reporting framework. Accordingly, revenues are recognized when earned and expenses are recorded when the obligation is incurred.

Financial Statement Presentation - The accompanying financial statement presentation have been prepared in accordance with the reporting principles of not-for-profit accounting as defined by the Statement of Financial Accounting Standards, pronouncement on presentation of Financial Statement of Not-for-Profit Organizations. It establishes standards for general-purpose external financial statements of not-for-profit organization, including the statement of financial position, a statement of activities, a statement of changes in net assets, and a statement of cash flows.

The accompanying financial statements have been prepared to focus on the Organization as a whole and to present balances and transactions according to the existence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Unrestricted -Net assets not subject to donor-imposed restriction. Such assets are available for any purpose consistent with the Organization’s mission.

Temporary Restricted -Net assets subject to specific, donor-imposed restriction that must be met by actions of the Organization and/or passage of time. Such assets normally fund specific expenditures of an operating or capital nature. The Organization had \$27,126.81 and \$22,227.83 of temporarily restricted net assets at May 31, 2022 and 2021, respectively.

Permanently Restricted -Net assets subject to donor imposed restriction requiring they be maintained permanently by the Organization. Such assets are normally restricted to long-term investment with income earned and appreciated available for specific or general Organization purposes. The Organization had no permanently restricted net assets at May 31, 2022 and 2021.

Liquidity - Assets are presented in the accompanying statement of financial position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

VOICE OF THE FAITHFUL, INC.
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2022 AND 2021

Note 2 - Summary of Significant Accounting Policies - continued

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents - For the purpose of the statement of cash flows, the Association considers all bank and similar deposits, demand accounts, money market funds and short term investments with an original maturity of three months or less to be cash.

Investments - Investments are initially recorded at cost if purchased or, if donated, at fair market value on the date received. Investment securities are reflected at market value, and realized and unrealized gains and losses are recognized as changes in unrestricted net assets unless restricted by the donor, in which case the amounts are reflected as temporarily restricted until expended according to the donor's stipulation.

Unconditional Promises to give, net - Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the promise is to be received. Conditional promises to give are not included in the support until such time as the conditions are substantially met.

Additionally, the Organization uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's assessment of specific promises made.

Property and Equipment - Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as temporarily restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service or purchased and reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Property and equipment are depreciated using the straight-line method calculated over the estimated useful lives of five through seven years. All acquisitions of property and equipment in excess of \$1,000.00 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of the assets are capitalized.

Intangible Assets – Intangible assets represent trademark costs and are amortized using the straight-line method over seventeen years.

VOICE OF THE FAITHFUL, INC.
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2022 AND 2021

Note 2 - Summary of Significant Accounting Policies- continued

Contributions and Grants - Contributions and grants are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire or are met in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Contributed Goods & Services - Contributed goods meeting the requirements for recognition, are recorded at the fair market value at the date of contribution. Contributed services meeting the requirement for recognition are recorded at the fair market value at the date of contribution. For the years ended May 31, 2022 and 2021, no amounts have been recorded in the financial statements as they do not meet the requirements. However, many individuals and businesses have donated significant amounts of time and services to the Organization's fund-raising campaigns, policy-making committees, and program operations.

Income Taxes - The Internal Revenue Service has determined that the Organization is a nonprofit organization that is exempt from income taxes under the provisions of Internal Revenue Code section 501(c)(3). In addition, the Internal Revenue Service has determined that the Organization is not a private foundation within the meaning of section 509(a) of the Code. Accordingly, no provision for federal or state income taxes has been made in these financial statements.

The Organization's tax returns are subject to examination by the applicable taxing authorities. The time period during which a return may be selected for examination generally ends at the later of three years after the initial due date of the return, or three years after the return is filed. As of May 31, 2022, the May 31, 2019 through 2022 tax returns remain open to examination.

Functional Expenses - The costs of providing program and support services have been summarized on a functional basis in the statement of activities. Salaries and related expenses are allocated based on job descriptions and the best estimates of management. Expenses, other than salaries and related expenses, which are not directly identifiable by program and supporting service, are allocated to the best estimates of management.

Subsequent Events - Subsequent events have been evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued. There are no material subsequent events to be reported.

VOICE OF THE FAITHFUL, INC.
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2022 AND 2021

Note 3 – Property and Equipment

The Organization’s property and equipment consisted of the following as of May 31, 2022 and 2021:

	2022	2021
Computers & Software	\$ 4,644.95	\$ 4,644.95
Less Accumulated Depreciation	(3,250.95)	(2,322.95)
	\$ 1,394.00	\$ 2,322.00

Depreciation expense totaled \$928.00 and \$928.00 for the years ended May 31, 2022 and 2021.

Note 4 – Intangible Assets

The Organization’s intangible assets consisted of the following as of May 31, 2022 and 2021:

	2022	2021
Trademark	\$ 6,550.00	\$ 6,550.00
Less Accumulated Amortization	(6,550.00)	(6,550.00)
	\$ -	\$ -

Amortization expense totaled \$0.00 and \$0.00 for the years ended May 31, 2022 and 2021.

Note 5 – Temporarily Restricted Net Assets

Temporarily Restricted Net Assets at May 31, 2022 and 2021 are available for the following purposes:

	2022	2021
Healing Circle	\$ 4,376.36	\$ 4,376.36
Child Protection	22,750.45	17,851.47
	\$ 27,126.81	\$ 22,227.83

Note 7 – Payroll Protection Program (PPP)

On March 27, 2020, in response to the economic fallout of the COVID-19 pandemic in the United States, the United States Congress passed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The Paycheck Protection Program (PPP) is a loan program that originated from the CARES Act and is funded through a participating lender with the Small Business Administration.

PPP loans allow for potential loan forgiveness on eligible costs, such as payroll, payroll benefits and certain other costs, during a set 24 week period after a borrower’s PPP funds are disbursed, defined under the CARES Act as the covered period.

VOICEOF THE FAITHFUL, INC.
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2022 AND 2021

Note 7 – Payroll Protection Program (PPP) - continued

On May 18, 2020, the Organization applied for and received a PPP loan of \$23,600.00. Once guidance was provided, borrowers must apply for loan forgiveness through their lenders. Until that determination was made, the Organization reported the PPP loan as a liability on the balance sheet as of May 31, 2020.

Subsequent to May 31, 2020, the Organization successfully applied for loan forgiveness and the \$23,600.00 was included in revenue for the year ended May 31, 2021.

On April 9, 2021, the Organization applied for and received a second PPP loan of \$23,541.70 and has reported this PPP loan as a liability on the balance sheet as of May 31, 2021.

Subsequent to May 31, 2021, the Organization successfully applied for loan forgiveness and the \$23,600.00 was included in revenue for the year ended May 31, 2022.

Note 9 – Uninsured Cash Balances

The Organization maintains its cash balances and certificates of deposits at a federally insured bank. Accounts at an institution are insured by the Federal Deposit Insurance Corporation up to \$250,000.00. There were approximately \$108,000.00 and \$1,500.00 of uninsured balances as of May 31, 2022 and 2021, respectively.

SUPPLEMENTARY INFORMATION

Independent Accountant's Report on Supplementary Information

To the Board of Directors
Voice of the Faithful, Inc.
Needham, Massachusetts

Report on Supplementary Information

We have audited the financial statements of Voice of the Faithful, Inc. as of and for the years ended May 31, 2022 and 2021, and have issued our report thereon dated March 21, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole.

The schedules of functional expenses on Page 12 is presented for the purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Orel & Associates CPAs Inc.

Orel & Associates CPAs Inc.
March 21, 2023

VOICE OF THE FAITHFUL, INC.

SCHEDULE I – SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNCTIONAL EXPENSES

YEARS ENDED MAY 31, 2022 AND 2021
(Unaudited)

	May 31, 2022			Totals
	Program Services	General & Administrative	Fundraising	
Salaries and Contractors' Fees	\$ 73,277.73	\$ 28,656.01	\$ 32,901.61	\$ 134,835.35
Technology & Communication Development	5,578.95	5,021.05	557.89	11,157.89
Occupancy	-	-	39,998.07	39,998.07
Additional Program Expenses	12,078.96	4,392.35	5,490.44	21,961.75
Audit fees	59,216.55	-	-	59,216.55
Bank & Credit Card Charges	-	6,500.00	-	6,500.00
Office Supplies	-	3,627.64	-	3,627.64
Telecommunications	-	2,211.16	-	2,211.16
Postage & Delivery	8,612.77	1,076.60	1,076.60	10,765.97
Conferences/Meetings/Events	3,126.41	1,136.88	1,421.10	5,684.39
Insurance	19,677.37	-	-	19,677.37
Marketing Expenses	-	5,596.16	-	5,596.16
Website Conversion	-	-	8,381.56	8,381.56
Depreciation & Amortization	9,600.00	9,600.00	-	19,200.00
Total Expenses	\$ 191,168.74	\$ 68,745.85	\$ 89,827.27	\$ 349,741.86

	May 31, 2021			Totals
	Program Services	General & Administrative	Fundraising	
Salaries and Contractors' Fees	\$ 88,799.90	\$ 30,174.84	\$ 26,095.91	\$ 145,070.65
Technology & Communication Development	7,357.85	6,622.06	735.78	14,715.69
Occupancy	-	-	37,088.63	37,088.63
Additional Program Expenses	11,783.60	4,284.95	5,356.19	21,424.74
Legal	34,259.75	-	-	34,259.75
Audit fees	-	7,086.06	-	7,086.06
Bank & Credit Card Charges	675.00	6,500.00	-	7,175.00
Office Supplies	-	3,780.74	-	3,780.74
Telecommunications	-	2,289.92	-	2,289.92
Postage & Delivery	6,471.41	808.93	808.93	8,089.27
Conferences/Meetings/Events	2,812.40	1,022.69	1,278.36	5,113.45
Insurance	11,960.44	-	-	11,960.44
Marketing Expenses	-	5,012.58	-	5,012.58
Depreciation & Amortization	-	-	7,905.55	7,905.55
Total Expenses	\$ 164,120.35	\$ 68,510.77	\$ 79,269.35	\$ 311,900.47