

VOICE OF THE FAITHFUL, INC.

FINANCIAL STATEMENTS

YEAR ENDED MAY 31, 2018

Scullin & Associates, P.A.

Certified Public Accountants

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VOICE OF THE FAITHFUL, INC.

MAY 31, 2018

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Voice of the Faithful, Inc., which comprise the statement of financial position as of May 31, 2018, and the related statements of activities, expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

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 May 31, 2018, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Scullin & Associates, P.A.

Scullin & Associates, P.A.
July 26, 2018

Voice of the Faithful, Inc.
Statement of Financial Position
May 31, 2018

ASSETS

Assets

Cash	\$ 263,739.53
Prepaid Expenses	1,839.55
Deposits	1,900.00
Property & Equipment (Net)	-
Intangible Assets (Net)	647.95
Total Assets	\$ 268,127.03

LIABILITIES AND NET ASSETS

Liabilities

Accounts Payable & Accrued Expenses	\$ 4,016.36
Accrued Payroll Liabilities	13,952.90
	17,969.26

Net Assets

Unrestricted Net Assets	182,989.54
Temporarily Restricted Net Assets	67,168.23
	250,157.77
Total Liabilities and Net Assets	\$ 268,127.03

See accompanying auditor's report and notes.

Voice of the Faithful, Inc.
Statement of Activities
Year Ended May 31, 2018

	Unrestricted	Temporarily Restricted	Totals
<u>Support and Revenues</u>			
Contributions	\$ 329,806.01	\$ 41,257.86	\$ 371,063.87
Other	236.71	-	236.71
Investment Return	198.80	-	198.80
	<hr/>	<hr/>	<hr/>
Total Support and Revenues	330,241.52	41,257.86	371,499.38
Net Assets Released from Restriction	-	-	-
	<hr/>	<hr/>	<hr/>
Total Support, Revenues and Reclassification	330,241.52	41,257.86	371,499.38
	<hr/>	<hr/>	<hr/>
<u>Expenses</u>			
Program Services	139,760.90	-	139,760.90
Supporting Services			
General and Administrative	58,326.51	-	58,326.51
Fund-Raising	71,155.81	-	71,155.81
Total Expenses	<hr/>	<hr/>	<hr/>
	269,243.22	-	269,243.22
	<hr/>	<hr/>	<hr/>
<u>Change in Net Assets</u>	60,998.30	41,257.86	102,256.16
Net Assets - Beginning of Year	<hr/>	<hr/>	<hr/>
	121,991.24	25,910.37	147,901.61
	<hr/>	<hr/>	<hr/>
<u>Net Assets - End of Year</u>	<hr/>	<hr/>	<hr/>
	\$ 182,989.54	\$ 67,168.23	\$ 250,157.77
	<hr/>	<hr/>	<hr/>

See accompanying auditor's report and notes.

Voice of the Faithful, Inc.
Statement of Cash Flows
Year Ended May 31, 2018

Cash Flows from Operating Activities:

Change in Net Assets	\$ 102,256.16
Adjustments to Reconcile Excess Revenues (Expenses) to Cash Provided by (Used in) Operating Activities:	
Depreciation & Amortization	384.96
(Increase) Decrease in Assets:	
Prepaid Expenses	(422.11)
Increase (Decrease) in Liabilities:	
Accounts Payable & Accrued Expenses	3,176.28
Accrued Payroll Liabilities	2,519.94
Net Cash Provided by (Used in) Operating Activities	<u>107,915.23</u>
Cash and Cash Equivalents - Beginning	<u>155,824.30</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 263,739.53</u></u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Net cash paid (received) during the year for:

Income taxes	\$ -
Interest	\$ -

See accompanying auditor's report and notes.

VOICE OF THE FAITHFUL, INC.
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2018

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 \$67,168.23 of temporarily restricted net assets at May 31, 2018.

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, 2018.

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.

VOICEOF THE FAITHFUL, INC.
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2018

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 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.

VOICEOF THE FAITHFUL, INC.
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2018

Note 3 – Property and Equipment

The Organization's property and equipment consisted of the following as of May 31, 2018:

Computers & Software	\$ 22,728.00
Furniture, Fixtures, & Equipment	7,218.00
Subtotal	<u>29,946.00</u>
Less Accumulated Depreciation	<u>(29,946.00)</u>
	<u>\$ -</u>

Depreciation expense totaled \$0.00 for the year ended May 31, 2018.

Note 4 – Intangible Assets

The Organization's intangible assets consisted of the following as of May 31, 2018:

Trademark	\$ 6,550.00
Less Accumulated Amortization	<u>(5,902.05)</u>
	<u>\$ 647.95</u>

Amortization expense totaled \$3984.96 for the year ended May 31, 2018.

Note 5 – Temporarily Restricted Net Assets

Temporarily Restricted Net Assets at May 31, 2018 are available for the following purposes:

Healing Circle	\$ 5,645.93
Financial Working Group	43,572.84
Child Protection	6,680.80
Chicago VOTF	1,295.00
Other	<u>9,973.66</u>
	<u>\$ 67,168.23</u>

Note 6 – Commitments and Contingencies

The Organization leases office space under a lease agreement which expires May 31, 2019. Future minimum lease payments are as follows:

06/01/18 - 05/31/19	\$ 20,820.00
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Rent expense totaled \$20,820.00 for the year ended May 31, 2018.

VOICEOF THE FAITHFUL, INC.
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2018

Note 8 – Fair Value Measurement

The Organization adopted Financial Accounting Standard ASC 820, "Fair Value Measurements" as it relates to its financial assets and liabilities, which establishes a framework for measuring fair value for GAAP and expands disclosures about fair value measurements.

The following methods and assumptions were used by the Organization in estimating the fair value of its financial instruments:

The carrying amount for cash, cash equivalents, and certificates of deposit reported in the balance sheet approximates its fair value.

The carrying amounts and fair values of these financial instruments at May 31, 2018 are as follows:

	Carrying Amount	Fair Value
Cash and cash equivalents	\$ 263,739.53	\$ 263,739.53

Note 10 – 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 \$19,600.00 of uninsured balances as of May 31, 2018.

SUPPLEMENTARY INFORMATION

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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 year ended May 31, 2018, and have issued our report thereon dated July 26, 2018, 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 schedule 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.

Scullin & Associates, P.A.

Scullin & Associates, P.A.
July 26, 2018