

**VERONICA'S VOICE, INC.**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION**  
**For the Year Ended June 30, 2020**

*Ralph C. Johnson & Company, p.c.*  
Certified Public Accountants  
Kansas City

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**INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

The Board of Directors  
Veronica's Voice, Inc.  
Kansas City, Missouri

**Report of the Financial Statements**

We have audited the accompanying combined financial statements of Veronica's Voice, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2020 and the related statement of activities, 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 combined 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 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 combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 financial statements referred to above present fairly, in all material respects, the financial position of the Veronica's as of December 31, 2019, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Kansas City  
03 August 2020  
**OUR 49<sup>th</sup> YEAR**

*Ralph C. Johnson & Company, P.C.*

**VERONICA'S VOICE**  
**(A NOT FOR PROFIT CORPORATION)**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2020**

**ASSETS**

**CURRENT ASSETS**

Cash		\$ 192,628
Accounts receivable		516
<b>TOTAL CURRENT ASSETS</b>		<u>193,144</u>

**CAPITAL ASSETS**

Land	\$ 13,000	
Buildings	59,608	
Furnishings	17,233	
Vehicles	5,199	
	<u>95,040</u>	
Accumulated depreciation	29,771	<u>65,269</u>

<b>TOTAL ASSETS</b>		<b>\$ <u>258,413</u></b>
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable		\$ 6,502
Accrued liabilities		6,070
<b>TOTAL CURRENT LIABILITIES</b>		<u>12,572</u>

**LONG-TERM LIABILITIES**

Retirement plan payable	\$ 77,165	
U.S. Small Business Administration notes payable	23,275	100,440
	<u>100,440</u>	

**NET ASSETS**

Unrestricted net assets		<u>145,401</u>
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<b>TOTAL LIABILITIES AND NET ASSETS</b>		<b>\$ <u>258,413</u></b>
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**VERONICA'S VOICE  
(A NOT FOR PROFIT CORPORATION)  
STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020**

**SUPPORT AND REVENUE**

Donations		\$ 95,202
Grants		68,792
Program services		942
Social enterprise		9,768
Government grants and fees		15,215
Miscellaneous		27
<b>TOTAL SUPPORT AND REVENUE</b>		<u>189,946</u>

**EXPENSES**

Program Services	\$ 126,814		
Management and general	26,754		
Fundraising	<u>14,645</u>		<u>168,213</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>		<b>\$</b>	<u><u>21,733</u></u>

**VERONICA'S VOICE  
(A NOT FOR PROFIT CORPORATION)  
STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2020**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>\$ 21,733</b>
Increase (Decrease) in net assets		\$ 21,733
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	\$ 1,131	
Increase in accounts receivable	7,770	
Increase in accounts payable	385	
Increase in accrued liabilities	<u>4,658</u>	
		<u>13,944</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		<b>35,677</b>
<b>CHASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash payment for the purchase of capital asset		(5,199)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net borrowing from long-term debt		<u>23,275</u>
<b>NET INCREASE (DECREASE) IN CASH</b>		<b>53,753</b>
Cash and cash equivalents, beginning of year		<u>138,875</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>		<b>\$ <u>192,628</u></b>
Interest paid		<u>\$ None</u>
Income taxes paid		<u>\$ None</u>

**VERONICA'S VOICE, INC.**  
**(A NOT-FOR-PROFIT CORPORATION)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 1 - NATURE OF ACTIVITIES**

**VERONICA'S Voice (VV)** is a not-for-profit corporation which is dedicated solely to victims of prostitution, commercial sexual exploitation and sex trafficking. The mission is to empower women to exit from, to prevent the entry into, and to end all demands for prostitution-sex trafficking in the United State through survivor leadership.

**VERONICA'S Voice** provides services throughout Kansas City, Missouri and Kansas City, Kansas. Its clients come from, referrals, outreach activities, community partners, as well self-referrals. The Organization provides safe housing for up to two years and works with each client to move them toward financial independence. Other activities include awareness/education, advocacy and job training.

**NOTE 2 – ACCOUNTING POLICIES**

Accounting Basis

The accompanying financial statements were prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) No 958 (formerly Statement of Financial Accounting Standards SFAS No. 117, Financial Statements of Not-for-Profit Organizations). Under ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes on net assets: unrestricted net assets, and permanently restricted net assets.

Capital Assets

Capital assets are recorded net of accumulated depreciation in the amount of \$38,640 and \$35,779 for the years ended June 30, 2019 and 2018 respectively. Purchases with grant funds are recorded as unrestricted unless the donor has restricted the use of the asset to a specific purpose. Depreciation is provided on the straight-line method for all depreciable assets. The useful lives are as follows:

Equipment and furniture	5 – 7 years
Computer equipment	5 years
Buildings	39.5 years

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities on the date of the financial statements, and the reported amount of revenues and expenses during the period. Actual results could differ from those estimates.

Support and Expenses

Contributions received and unconditional promises to give are measured at their estimated value and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as unrestricted or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets.

Income Taxes

**VERONICA'S Voice** is exempt from federal income tax under Section 501©3 of the Internal Revenue Code and, therefore, it has made no provision for federal income taxes in the accompanying financial statements.



**VERONICA'S VOICE, INC.**  
**(A NOT-FOR-PROFIT CORPORATION)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

Functional Expenses

**VERONICA'S VOICE** allocates expenses on a functional basis between its various programs and support services. The cost of operating various programs and other activities are summarized on a functional basis in the schedules of functional expenses. Expenses that can be identified with a specific program and support services are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated by us of various methods which, in management's judgement approximate the value received by the program or function.

**NOTE 3 - RETIREMENT PLAN PAYABLE**

The Organization entered into an agreement with its founder to pay a retirement amount of \$77,165 in periodic instalments of \$7,716 over 7 to 10 years beginning in 2020. Full payment will be paid no later than December 31, 2030. The agreement does not provide for any interest. Inasmuch as the repayment period is uncertain, the liability was not discounted to its present value. No payments were made during the period January 1, 2020 and June 30, 2020.

**NOTE 4 PAYABLES PAYABLE**

Economic Injury Disaster Loan (EIDL)

The Organization applied for a loan from the U.S. Small Business Administration (SBA) under the EIDL program and it received an advance of \$3,000 in anticipation of obtaining the loan. As of June 30, 2020 the advance was outstanding and shown as a part of notes payable on the statement of financial position. The loan application was withdrawn, and the \$3,000 advance was returned to the SBA in July, 2020.

SBA Paycheck Protection Program Loan (PPP)

A loan in the amount of \$20,275 was obtained on April 16, 2020. The loan bears interest at 1% per year, and is payable in monthly 18 installments of \$1,141 beginning November 12, 2020.

If certain conditions are met, the loan along with all accrued interest may be forgiven. Application for loan forgiveness may be made requested. The Organization plans to apply for loan forgiveness after they are informed by the lender that applications for forgiveness are accepted.

**NOTE 5 - CONCENTRATIONS**

The Organization has a high degree concentration in community activism, and it receives a significant amount of its revenue and funding through grants from private and public organizations, and groups located in the Kansas City area. The effect of reduced funding from these sources cannot be determined at the date of this report.

**NOTE 6 - SUBSEQUENT EVENTS**

Subsequent events were evaluated through August 3, 2020 which is the date the financial statements were available to be issued.

**NOTE 7 - - UNCERTAIN TAX POSITIONS**

Financial accounting standards govern how uncertain tax positions should be recognized, measured, presented and disclosed in financial statements. These standards require the evaluation of tax positions taken or expected to be taken in the course of preparing and entity's tax returns to determine whether the tax positions are "more-like-than-not" to be sustained by the applicable tax authority. Tax benefits of positions not deemed to meet the more-likely-than-not threshold would not be recognized in the financial statements of the current year.

Federal information return, Tax Form 990 for three years prior to June 30, 2020 are subject to examination by the Internal Revenue Service (IRS). As of August 3, 2020, none of the above returns have been selected for examination by the IRS.

**VERONICA'S VOICE**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Recovery Program	Management and General	Fundraising	Total
Payroll	\$ 62,180	\$ 13,179	\$ 13,604	\$ 88,963
Employee benefits	5,204	2,159	1,041	8,404
Purchased services	36,948	8,694	-	45,642
Office and meeting	499	248	-	747
Small equipment purchased	-	90	-	90
Insurance	-	1,163	-	1,163
Marketing	-	345	-	345
Travel and entertainment	407	400	-	807
Direct client services	4,873	-	-	4,873
Insurance	4,078	-	-	4,078
Social enterprise	4,612	-	-	4,612
Building utilities	4,519	-	-	4,519
Occupancy	2,413	426	-	2,839
Depreciation	\$ 1,081	50	-	1,131
	<u>126,814</u>	<u>\$ 26,754</u>	<u>\$ 14,645</u>	<u>\$ 168,213</u>