



VOX CHURCH, INC.

Financial Statements
With Independent Auditors' Report

December 31, 2022 and 2021

VOX CHURCH, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Vox Church, Inc.
Branford, Connecticut

Opinion

We have audited the accompanying financial statements of Vox Church, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and cash flows for the years 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 Vox Church, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years 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. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Vox Church, Inc. and to meet our 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 Vox Church, 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
Vox Church, Inc.
Branford, Connecticut

Auditors' Responsibility 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 auditors' 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 Vox Church, 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 Vox Church, 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.

Capin Crouse LLP

Lawrenceville, Georgia
March 30, 2023

VOX CHURCH, INC.

Statements of Financial Position

	December 31,	
	<u>2022</u>	<u>2021</u>
ASSETS:		
Cash and cash equivalents	\$ 6,759,753	\$ 5,292,486
Prepaid expenses and other assets	161,779	176,602
Operating leases right-of-use assets	6,842,369	6,504,855
Property and equipment—net	<u>7,427,212</u>	<u>7,309,404</u>
Total Assets	<u>\$ 21,191,113</u>	<u>\$ 19,283,347</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 442,182	\$ 206,372
Construction payable	-	882,316
Operating leases right-of-use obligations	7,355,812	6,966,612
Note payable	<u>3,929,137</u>	<u>2,580,210</u>
Total liabilities	<u>11,727,131</u>	<u>10,635,510</u>
Net assets:		
Without donor restrictions	9,463,982	8,637,573
With donor restrictions	<u>-</u>	<u>10,264</u>
Total net assets	<u>9,463,982</u>	<u>8,647,837</u>
Total Liabilities and Net Assets	<u>\$ 21,191,113</u>	<u>\$ 19,283,347</u>

See accompanying notes to the financial statements

VOX CHURCH, INC.

Statements of Activities

	Year Ended December 31,					
	2022		2021			
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES:						
Support:						
Contributions	\$ 9,145,631	\$ -	\$ 9,145,631	\$ 9,185,884	\$ 45,000	\$ 9,230,884
Revenues:						
Activity fees	134,330	-	134,330	45,031	-	45,031
Other	376,229	-	376,229	504,078	-	504,078
	<u>510,559</u>	<u>-</u>	<u>510,559</u>	<u>549,109</u>	<u>-</u>	<u>549,109</u>
Total Support and Revenues	9,656,190	-	9,656,190	9,734,993	45,000	9,779,993
RECLASSIFICATIONS:						
Net assets released from restrictions	10,264	(10,264)	-	34,736	(34,736)	-

(continued)

See accompanying notes to the financial statements

VOX CHURCH, INC.

Statements of Activities (continued)

	Year Ended December 31,					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES:						
Program services	7,213,757	-	7,213,757	5,427,795	-	5,427,795
Supporting activities:						
General and administrative	1,626,288	-	1,626,288	1,505,602	-	1,505,602
Total Expenses	<u>8,840,045</u>	<u>-</u>	<u>8,840,045</u>	<u>6,933,397</u>	<u>-</u>	<u>6,933,397</u>
Change in Net Assets	826,409	(10,264)	816,145	2,836,332	10,264	2,846,596
Net Assets, Beginning of Year	<u>8,637,573</u>	<u>10,264</u>	<u>8,647,837</u>	<u>5,801,241</u>	<u>-</u>	<u>5,801,241</u>
Net Assets, End of Year	<u>\$ 9,463,982</u>	<u>\$ -</u>	<u>\$ 9,463,982</u>	<u>\$ 8,637,573</u>	<u>\$ 10,264</u>	<u>\$ 8,647,837</u>

See accompanying notes to the financial statements

VOX CHURCH, INC.

Statements of Cash Flows

	Year Ended December 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 816,145	\$ 2,846,596
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	435,524	116,668
Operating leases right-of-use assets	(337,514)	231,552
Operating leases right-of-use liabilities	389,200	(124,262)
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	14,823	(34,099)
Accounts payable and accrued expenses	235,810	86,731
Net Cash Provided by Operating Activities	1,553,988	3,123,186
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(69,819)	(2,634,961)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on note payable	(16,902)	-
Net Change in Cash and Cash Equivalents	1,467,267	488,225
Cash and Cash Equivalents, Beginning of Year	5,292,486	4,804,261
Cash and Cash Equivalents, End of Year	\$ 6,759,753	\$ 5,292,486
SUPPLEMENTAL DISCLOSURE:		
Cash paid for interest	\$ 146,015	\$ 22,570
NONCASH INVESTING AND FINANCING ACTIVITIES:		
Property and equipment acquired through issuance of note payable	\$ 475,952	\$ 2,197,082
Payment of construction payable through issuance of note payable	\$ 882,316	\$ -
Property and equipment acquired with accounts payable	\$ -	\$ 882,316
Repayment of note payable through issuance of note payable	\$ -	\$ 381,238
Establishment of debt issuance costs through issuance of note payable	\$ -	\$ 113,412

See accompanying notes to the financial statements

VOX CHURCH, INC.

Notes to Financial Statements

December 31, 2022 and 2021

1. NATURE OF ORGANIZATION:

The mission of Vox Church, Inc. (the Church) is to spread the lifestyle of authentic Christianity for the glory of God and the transformation of New England. The heart of the Church is marked by a holy urgency. We believe that time is short, people need God, and he has called his church to be a voice. The name “Vox” comes from the Latin word for voice, and we believe that God desperately wants to speak to those far from him and bring them close. His primary method to do this is his church. As the people of God, we want to echo his truth in every corner of our world through sharing the gospel, serving the poor, helping those in need, seeking the good of the city, partnering with other churches and organizations, and participating in global missions.

The Church is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (Code) and comparable state law. Contributions to the Church are deductible from income taxes within the limitations prescribed by the Code. The Church is not a private foundation under Section 509(a)(1) of the Code. The primary source of revenue for the Church is contributions from the general public.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements have been prepared on the accrual basis of accounting, in conformity with accounting principles generally accepted in the United States. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

USE OF ESTIMATES

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States 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 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

Cash and cash equivalents includes petty cash, checking accounts, and savings accounts. While occasionally deposits may be in excess of federally insured limits, the Church has not experienced any losses in such accounts, and management believes that it is not exposed to any significant credit risk on cash and cash equivalents. At December 31, 2022 and 2021, cash balances exceeded federally insured limits by \$6,188,993 and \$4,498,785, respectively.

PROPERTY AND EQUIPMENT—NET

Items capitalized as property and equipment are stated at cost or, if donated, at market value on the date of donation. The Church generally capitalizes all property and equipment acquisitions in excess of \$5,000. Expenditures for repairs and maintenance are charged to expense as incurred, and additions and improvements that significantly extend the lives of assets are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from 5 to 39 years.

VOX CHURCH, INC.

Notes to Financial Statements

December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CLASSES OF NET ASSETS

The financial statements report amounts separately by class of net assets:

Net assets without donor restrictions are currently available for operating purposes under the direction of the board, designated by the board for specific use, or invested in property and equipment, net of accumulated depreciation and related debt.

Net assets with donor restrictions are stipulated by donors for specific operating purposes or programs, with time restrictions, or not currently available for use until commitments regarding their use have been fulfilled.

All contributions are considered available for use without donor restrictions unless specifically restricted by the donor or subject to other legal restrictions.

SUPPORT AND REVENUES, RECLASSIFICATIONS, AND EXPENSES

Revenue is recognized when earned and contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give—that is, those with a measurable performance or other barrier and a right of return—are not recognized until the conditions on which they depend have been met.

The Church reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as reclassifications.

The Church reports donations of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Church reports expirations of donor restrictions when construction or acquisition costs are incurred.

Donated goods (including securities) are recorded at fair value at the date of the gift.

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing various program services and supporting activities of the Church have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

VOX CHURCH, INC.

Notes to Financial Statements

December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

GOVERNMENT GRANTS

For the year ended December 31, 2022, other support and revenues includes \$300,484 claimed under the Employee Retention Credit (ERC) which was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Laws and regulations concerning government programs, including the ERC, are complex and subject to varying interpretation. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Church's claim to the ERC, and it is not possible to determine the impact (if any) this would have upon the Church.

3. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects the Church's financial assets as of December 31, 2022 and 2021, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. The Church considers general expenditures to be all expenditures related to fulfilling its vision as well as the conduct of services undertaken to support those activities to be general expenditures.

	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
Financial assets, at year-end and available to meet cash needs for general expenditures within one year:		
Cash and cash equivalents	<u>\$ 6,759,753</u>	<u>\$ 5,292,486</u>

As part of the Church's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

VOX CHURCH, INC.

Notes to Financial Statements

December 31, 2022 and 2021

4. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net, consist of:

	December 31,	
	2022	2021
Land and land improvements	\$ 204,870	\$ 204,870
Buildings and building improvements	6,896,188	6,711,385
Equipment and vehicles	750,763	663,789
	7,851,821	7,580,044
Less accumulated depreciation	(698,603)	(270,640)
	7,153,218	7,309,404
Construction in process	273,994	-
	\$ 7,427,212	\$ 7,309,404

5. OPERATING LEASES RIGHT-OF-USE ASSETS AND OBLIGATIONS:

Operating leases right-of-use assets consists of:

	December 31, 2022		
	Cost	Accumulated Amortization	Net Book Value
Operating lease right-of-use assets:			
Various buildings and equipment leased under lease agreements dated between April 2017 and April 2022 with terms ranging from 63 to 300 months. In determining the life of the lease, management has reviewed the available options for renewal for various leases and has chosen the option which most closely approximates management's current plan for the asset. The Church will pay monthly payments of approximately \$42,518 with an implied interest rate of 2.37%.			
	\$ 7,949,859	\$ (1,107,490)	\$ 6,842,369

VOX CHURCH, INC.

Notes to Financial Statements

December 31, 2022 and 2021

5. OPERATING LEASES RIGHT-OF-USE ASSETS AND OBLIGATIONS, continued:

	December 31, 2021	
Cost	Accumulated Amortization	Net Book Value
Operating lease right-of-use assets:		
Various buildings and equipment leased under lease agreements dated between April 2017 and December 2021 with terms ranging from 63 to 300 months. In determining the life of the lease, management has reviewed the available options for renewal for various leases and has chosen the option which most closely approximates management's current plan for the asset. The Church will pay monthly payments of approximately \$30,359 with an implied interest rate of 2.37%.	<u>\$ 7,217,618</u>	<u>\$ (712,763)</u> <u>\$ 6,504,855</u>
		December 31,
		2022 2021
Operating leases right-of-use obligations		<u>\$ 7,355,812</u> <u>\$ 6,966,612</u>
Operating lease costs		<u>\$ 561,155</u> <u>\$ 471,597</u>
Future minimum lease payments required under operating leases with an initial or remaining noncancelable lease term in excess of one year are as follows:		
Years Ending December 31,		Amounts
2023		\$ 593,137
2024		593,137
2025		601,187
2026		602,987
2027		590,539
Thereafter		<u>5,909,817</u>
		8,890,804
Less imputed interest		<u>(1,534,992)</u>
		<u>\$ 7,355,812</u>

VOX CHURCH, INC.

Notes to Financial Statements

December 31, 2022 and 2021

6. NOTE PAYABLE:

Note payable consist of:

	December 31,	
	2022	2021
Effective in 2021, the Church executed a construction promissory note payable, with an original principal amount of up to \$4,050,000; bears interest at a fixed rate of 3.75%; payments of principal and interest through maturity in November 2028; secured by certain real property in North Haven, CT. There is no prepayment penalty.	\$ 4,033,098	\$ 2,691,732
Less debt issuance costs–net	<u>(103,961)</u>	<u>(111,522)</u>
	<u>\$ 3,929,137</u>	<u>\$ 2,580,210</u>

Maturities of the note payable are estimated as follows:

Years Ending December 31,	Amounts
2023	\$ 206,989
2024	214,886
2025	223,084
2026	231,595
2027	240,131
Thereafter	<u>2,916,413</u>
	<u>\$ 4,033,098</u>

The note payable contains restrictive time covenants. For the years ended December 31, 2022 and 2021, the Church has met all required time covenants.

7. EXPENSES BY BOTH NATURE AND FUNCTION:

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Church. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Payroll and benefits, dues and fees, and interest are allocated on an analysis of employee time and effort for the employees incurring the expense. All other expenses are allocated based on an analysis of the Church campus or location incurring the expense.

VOX CHURCH, INC.

Notes to Financial Statements

December 31, 2022 and 2021

7. EXPENSES BY BOTH NATURE AND FUNCTION, continued:

Functional expenses by natural classification for the year ended December 31, 2022:

	Program Services	General and Administrative	Total
Payroll and benefits	\$ 3,455,377	\$ 1,018,935	\$ 4,474,312
Equipment, repairs, and maintenance	141,354	17,536	158,890
Professional and outside services	311,247	193,500	504,747
Depreciation and amortization	417,604	17,920	435,524
Advertising	169,470	-	169,470
Dues and fees	101,163	158,315	259,478
Meals and travel	195,754	36,871	232,625
Facilities	1,199,906	96,036	1,295,942
Office and supplies	413,679	17,792	431,471
Grants to others	359,333	-	359,333
Curriculum	104,516	-	104,516
Insurance	47,861	23,985	71,846
Interest	149,368	-	149,368
Computers and technology	147,125	45,398	192,523
	<u>\$ 7,213,757</u>	<u>\$ 1,626,288</u>	<u>\$ 8,840,045</u>

VOX CHURCH, INC.

Notes to Financial Statements

December 31, 2022 and 2021

7. EXPENSES BY BOTH NATURE AND FUNCTION, continued:

Functional expenses by natural classification for the year ended December 31, 2021:

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
Payroll and benefits	\$ 2,706,311	\$ 947,245	\$ 3,653,556
Equipment, repairs, and maintenance	168,627	21,388	190,015
Professional and outside services	157,636	133,809	291,445
Depreciation and amortization	103,125	13,543	116,668
Advertising	149,465	-	149,465
Dues and fees	30,405	140,973	171,378
Meals and travel	180,212	36,240	216,452
Facilities	914,988	119,535	1,034,523
Office and supplies	354,646	18,074	372,720
Grants to others	353,637	-	353,637
Curriculum	79,537	-	79,537
Insurance	25,739	12,896	38,635
Interest	22,326	7,814	30,140
Computers and technology	181,141	54,085	235,226
	<u>\$ 5,427,795</u>	<u>\$ 1,505,602</u>	<u>\$ 6,933,397</u>

8. RETIREMENT PLAN:

The Church offers a Savings Incentive Match Plan for Employees (the Simple Plan) to all eligible staff members. The Church matches contributions up to 3%. The employer amount contributed to the Simple Plan for the years ended December 31, 2022 and 2021, was \$67,391 and \$57,449, respectively.

9. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through March 30, 2023, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.









VoxCHURCH

