

DRAFT
FOR DISCUSSION PURPOSES ONLY
SUBJECT TO FURTHER DEVELOPMENT

VOICE OF THE FAITHFUL, INC.

REVIEWED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED MAY 31, 2014 AND 2013

VOICE OF THE FAITHFUL, INC.

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FOR DISCUSSION PURPOSES ONLY
SUBJECT TO CERTAIN ADJUSTMENTS

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Trustees
Voice of the Faithful, Inc.

We have reviewed the accompanying statements of financial position of Voice of the Faithful, Inc. (a not-for-profit organization) as of May 31, 2014 and 2013, and the related statements of activities and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the reviews in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Our reviews were made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplementary information included on page 11 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the 2014 financial statements, and we did not become aware of any material modifications that should be made to such information.

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FOR DISCUSSION PURPOSES ONLY
SUBJECT TO FURTHER ADJUSTMENTS

Boston, MA
XXXXXXXX, 2014

VOICE OF THE FAITHFUL, INC.

STATEMENTS OF FINANCIAL POSITION

MAY 31, 2014 AND 2013

	2014	2013
Assets		
Current Assets		
Cash	\$ 39,154	\$ 62,725
Cash in escrow	--	6,050
Prepaid expenses and other current assets	<u>8,169</u>	<u>7,346</u>
Total Current Assets	<u>47,323</u>	<u>76,121</u>
Equipment, Net	--	2,572
Intangible Assets, Net	<u>2,188</u>	<u>2,573</u>
Total Assets	<u>\$ 49,511</u>	<u>\$ 81,266</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 11,761	\$ 21,579
Accrued expenses and other current liabilities	16,528	24,399
Escrow deposits	<u>--</u>	<u>6,050</u>
Total Current Liabilities	<u>28,289</u>	<u>52,028</u>
Net Assets		
Unrestricted	7,536	9,772
Temporarily restricted	<u>13,686</u>	<u>19,466</u>
Total Net Assets	<u>21,222</u>	<u>29,238</u>
Total Liabilities and Net Assets	<u>\$ 49,511</u>	<u>\$ 81,266</u>

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 FINANCIAL STATEMENTS ONLY
 SUBJECT TO FURTHER ADJUSTMENTS

See accompanying notes and independent accountants' review report.

VOICE OF THE FAITHFUL, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED MAY 31, 2014 AND 2013

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FOR DISCUSSION PURPOSES ONLY
SUBJECT TO FURTHER REVISIONS

	2014		2013		Total
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	
Revenue					
Contributions	\$ 372,837	\$ 745	\$ 373,582	\$ 36,381	\$ 388,084
Donated services	8,431	--	8,431	--	11,085
Convention Income	--	--	--	--	80,758
Other	9,172	--	9,172	--	10,477
Interest income	29	--	29	--	66
Net realized loss on sales of investments	--	--	(160)	--	(160)
Net assets released from restrictions	6,525	(6,525)	--	(30,694)	--
Total Revenue	<u>396,994</u>	<u>(5,780)</u>	<u>391,214</u>	<u>5,687</u>	<u>490,310</u>
Expenses					
Program services	205,086	--	205,086	--	408,191
Fundraising	118,793	--	118,793	--	78,182
Management and general	75,351	--	75,351	--	83,868
Total Expenses	<u>399,230</u>	<u>--</u>	<u>399,230</u>	<u>--</u>	<u>570,241</u>
Change in Net Assets	<u>(2,236)</u>	<u>(5,780)</u>	<u>(8,016)</u>	<u>5,687</u>	<u>(79,931)</u>
Net Assets, Beginning of Year	<u>9,772</u>	<u>19,466</u>	<u>29,238</u>	<u>13,779</u>	<u>109,169</u>
Net Assets, End of Year	<u>\$ 7,536</u>	<u>\$ 13,686</u>	<u>\$ 21,222</u>	<u>\$ 19,466</u>	<u>\$ 29,238</u>

See accompanying notes and independent accountants' review report.

VOICE OF THE FAITHFUL, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED MAY 31, 2014 AND 2013

	2014	2013
DRAFT THIS INFORMATION IS PRELIMINARY ONLY SUBJECT TO FURTHER ADJUSTMENTS		
Cash Flows from Operating Activities		
Change in net assets	\$ (8,016)	\$ (79,931)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	2,957	4,069
Donations of investment securities	--	(999)
Net realized loss on sales of investments	--	160
(Increase) decrease in assets:		
Prepaid expenses and other current assets	(823)	29,054
Increase (decrease) in liabilities:		
Accounts payable	(9,818)	(3,427)
Accrued expenses and other current liabilities	(7,871)	2,387
Deferred revenue	--	(24,260)
	(15,555)	6,984
Net Cash Used in Operating Activities	(23,571)	(72,947)
Cash Flows from Investing Activities		
Proceeds from the sales of investments	--	839
Purchases of equipment	--	(1,122)
Net Cash Used in Investing Activities	--	(283)
Net Decrease in Cash	(23,571)	(73,230)
Cash, Beginning of Year	62,725	135,955
Cash, End of Year	\$ 39,154	\$ 62,725
Supplemental Disclosure		
Donations of investment securities	\$ --	\$ 999

See accompanying notes and independent accountants' review report.

VOICE OF THE FAITHFUL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MAY 31, 2014 AND 2013

DRAFT
FINANCIAL STATEMENTS
SUBJECT TO THE AUDIT OPINION

NOTE 1 - ORGANIZATION

Voice of the Faithful, Inc. (the Organization) is a not-for-profit organization formed in response to the clergy sexual abuse crisis. The Organization's 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. The Organization was incorporated on June 26, 2002 and was approved as a 501(c)(3) organization by the Internal Revenue Service. The major sources of funding come from individual contributors sharing the concerns of the Organization.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements of the Organization have been prepared on the accrual basis of accounting. Under the accrual basis revenues are recognized when earned and expenses when the related liability for goods and services is incurred.

USE OF ESTIMATES

The preparation of 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 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.

BASIS OF PRESENTATION

The Organization is required to report information regarding its financial position and activities according to three classes of net assets (unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) based upon the existence or absence of donor imposed restrictions.

Net assets:

Unrestricted net assets:

Unrestricted net assets represent those assets not subject to donor-imposed restrictions.

Temporarily restricted net assets:

Temporarily restricted net assets are subject to explicit or implicit donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.

VOICE OF THE FAITHFUL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MAY 31, 2014 AND 2013

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FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net assets (continued):

Permanently restricted net assets:

Permanently restricted net assets are subject to explicit or implicit donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or restricted purposes. The Organization has no permanently restricted net assets at May 31, 2014 and 2013.

EQUIPMENT

Equipment is recorded at cost or, if donated, at fair value at the time of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets, ranging from five to seven years. Purchases are determined to be capital assets based upon the Organization's policy of capitalizing assets acquired at a cost exceeding \$500. Those items that are not capitalized are expensed. Maintenance and repairs are charged to expense as incurred, whereas major betterments are capitalized.

INTANGIBLE ASSETS

Intangible assets represent trademark costs and website and database development costs. Trademark costs are amortized using the straight-line method over seventeen years. Website and database development costs are amortized using the straight-line method over three years.

CONTRIBUTIONS

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. The Organization has not received any contributions with donor-imposed restrictions that would result in permanently restricted net assets.

VOICE OF THE FAITHFUL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MAY 31, 2014 AND 2013

ENCLOSURE
PROVIDED TO THE PUBLIC BY THE
OFFICE OF THE ATTORNEY GENERAL

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DONATED INVESTMENTS, EQUIPMENT, AND SERVICES

Donations of investments and equipment are recorded as revenues at their estimated fair value at the date of donation. Net realized gains and losses on the sales of investments are reflected in the accompanying Statements of Activities. Donated services are recorded as revenues and expenses at fair value when determinable, otherwise at values indicated by the donor.

Other donated services, such as those provided by the Organization's volunteers, have not been reflected in the financial statements either because the services do not require a specialized skill or because no objective basis is available to measure the value of such services.

INCOME TAXES

The Organization is exempt from federal income taxes, under Section 501(c)(3) of the Internal Revenue Code. The Organization is, however, subject to the tax on unrelated business income, if any such income exists. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a).

The Organization recognizes and measures its unrecognized tax positions by assessing the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The measurement of unrecognized tax positions is adjusted when new information is available, or when an event occurs that requires a change. The Organization has not identified any uncertain tax positions at May 31, 2014 and 2013. Interest and penalties associated with unrecognized income tax positions, if identified, would be classified as additional income tax expense in the Statement of Activities. There are currently no examinations pending or in progress by taxing authorities. The Organization believes it is no longer subject to examination by the Internal Revenue Service for years before 2011.

SUBSEQUENT EVENTS

Subsequent events have been evaluated through XXXX, 2014, which is the date the financial statements were available to be issued. No events have been identified which would require recognition or disclosure in the financial statements.

VOICE OF THE FAITHFUL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MAY 31, 2014 AND 2013

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NOTE 3 - CASH IN ESCROW

At June 30, 2013 cash in escrow consisted of monies received from, and held on behalf of, members of a religious coalition in which Voice of the Faithful is a member to fund traveling expenses of a touring priest from Austria. An offsetting liability was reflected in the Statement of Financial Position under escrow deposits for these funds.

NOTE 4 - EQUIPMENT

Equipment consisted of the following at May 31, 2014 and 2013:

	2014	2013
Computers and software	\$ 22,728	\$ 22,728
Furniture, fixtures and equipment	7,218	7,218
	29,946	29,946
Less: Accumulated depreciation	(29,946)	(27,374)
Net	\$ --	\$ 2,572

NOTE 5 - INTANGIBLE ASSETS

Intangible assets consisted of the following at May 31, 2014 and 2013:

	2014	2013
Website and database development	\$ 38,212	\$ 38,212
Trademark	6,550	6,550
	44,762	44,762
Less: Accumulated amortization	(42,574)	(42,189)
Net	\$ 2,188	\$ 2,573

VOICE OF THE FAITHFUL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MAY 31, 2014 AND 2013

FOR FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH
GAAP SUBJECT TO FINANCIAL STATEMENTS

NOTE 6 - DONATED SERVICES

During the year ended May 31, 2014, the Organization received donations of \$8,431 for unreimbursed expenses of an officer and travel expenses from trustees and other affiliated individuals that attended its various meetings. During the year ended May 31, 2013, the Organization received donations of \$3,100 for unreimbursed expenses of an officer and \$7,985 of travel expenses from trustees and other affiliated individuals that attended its various meetings. Total donated services, valued at \$8,431 and \$11,085, are reported as donated services revenue and program services expenses in the accompanying financial statements for the years ended May 31, 2014 and 2013, respectively.

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at May 31, 2014 and 2013 are available for the following purposes:

	2014	2013
Universal Church Reform	\$ 3,890	\$ 5,000
Website Maintenance	8,501	13,501
Web Advertising	--	415
Chicago VOTF	1,295	550
	<u>\$ 13,686</u>	<u>\$ 19,466</u>

NOTE 8 - FUNCTIONAL EXPENSE ALLOCATION

The costs of providing the various programs and activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

VOICE OF THE FAITHFUL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MAY 31, 2014 AND 2013

NOTE 9 - COMMITMENTS

The Organization leases office space under a lease agreement which expires on May 31, 2016.

The following is a schedule by years of approximate future minimum rental payments required under the lease as of May 31, 2014:

Year ending May 31:

2015	19,800
2016	<u>19,800</u>
	<u>\$ 39,600</u>

Rent expense for each of the years ended May 31, 2014 and 2013 totaled \$19,800.

VOICE OF THE FAITHFUL, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED MAY 31, 2014

	Program Services	Fundraising	Management and General	Total Expenses
Salaries and contractors fees	\$ 140,354	\$ 63,797	\$ 51,039	\$ 255,190
Mail services	--	27,910	--	27,910
Education and Training	--	--	769	769
Occupancy	11,887	5,403	4,323	21,613
Postage and delivery	1,132	514	411	2,057
Conferences/meetings/events	23,712	--	--	23,712
Professional fees	--	--	8,947	8,947
Other expenses	7,285	1,039	6,111	14,435
Software consulting	4,153	1,888	1,510	7,551
Telecommunications	5,258	1,203	963	7,424
Marketing	3,626	--	--	3,626
Office expense	1,879	854	683	3,416
Depreciation	1,414	643	515	2,572
Amortization	209	96	80	385
Charitable Contributions	3,710	--	--	3,710
Development	467	15,446	--	15,913
	<u>\$ 205,086</u>	<u>\$ 118,793</u>	<u>\$ 75,351</u>	<u>\$ 399,230</u>

See accompanying notes and independent accountants' review report.