

VOICE OF THE FAITHFUL, INC.

**FINANCIAL STATEMENTS AND ACCOMPANYING
INFORMATION FOR THE YEARS ENDED
MAY 31, 2011 AND 2010**

(With Independent Accountant's Review Report Thereon)



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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

We have reviewed the accompanying statements of financial position of Voice of the Faithful, Inc. (a not-for-profit organization) as of May 31, 2011 and 2010, 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 review 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 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 information included in the accompanying schedule for the year ended May 31, 2011 included on page 11 is presented only for purposes of additional analysis and has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made hereto.

Parent, McLaughlin & Nangle

Certified Public Accountants, Inc.

October 17, 2011

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VOICE OF THE FAITHFUL, INC.

STATEMENTS OF FINANCIAL POSITION

	<u>May 31</u>	
	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 176,063	\$ 211,722
Investments, at fair value	-	846
Unconditional promises to give	3,120	2,715
Prepaid expenses and other current assets	13,582	10,406
Total current assets	<u>192,765</u>	<u>225,689</u>
Equipment, net	7,434	8,275
Intangible assets, net	3,342	3,728
Total assets	<u>\$ 203,541</u>	<u>\$ 237,692</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 22,903	\$ 5,523
Accrued expenses and other current liabilities	23,006	22,724
Deferred revenue	1,224	-
Total current liabilities	<u>47,133</u>	<u>28,247</u>
Net assets:		
Unrestricted	119,589	141,423
Temporarily restricted	36,819	68,022
Total net assets	<u>156,408</u>	<u>209,445</u>
Total liabilities and net assets	<u>\$ 203,541</u>	<u>\$ 237,692</u>

See independent accountant's review report and notes to financial statements.

VOICE OF THE FAITHFUL, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED MAY 31, 2011 AND 2010

	2011			2010		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE:						
Contributions	\$ 409,547	\$ 26,467	\$ 436,014	\$ 488,485	\$ 82,216	\$ 570,701
Donated services	7,923	-	7,923	8,480	-	8,480
Other	2,402	-	2,402	4,809	-	4,809
Interest income	192	-	192	244	-	244
Net realized and unrealized gain (loss) on investments	(30)	-	(30)	59	-	59
Net assets released from restrictions	57,670	(57,670)	-	20,660	(20,660)	-
Total revenue	477,704	(31,203)	446,501	522,737	61,556	584,293
EXPENSES:						
Program services	243,266	-	243,266	194,628	-	194,628
Fundraising	143,370	-	143,370	91,028	-	91,028
Management and general	112,902	-	112,902	113,313	-	113,313
Total expenses	499,538	-	499,538	398,969	-	398,969
CHANGE IN NET ASSETS	(21,834)	(31,203)	(53,037)	123,768	61,556	185,324
NET ASSETS, beginning of year	141,423	68,022	209,445	17,655	6,466	24,121
NET ASSETS, end of year	\$ 119,589	\$ 36,819	\$ 156,408	\$ 141,423	\$ 68,022	\$ 209,445

See independent accountant's review report and notes to financial statements.



VOICE OF THE FAITHFUL, INC.

STATEMENTS OF CASH FLOWS

	<u>Year Ended May 31</u>	
	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (53,037)	\$ 185,324
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	3,375	4,162
Donations of investment securities	(1,934)	(2,348)
Net realized and unrealized loss (gain) on investments	30	(59)
Reinvested interest income	-	(6)
(Increase) decrease in assets:		
Unconditional promises to give	(405)	4,428
Prepaid expenses and other current assets	(3,176)	4,760
Increase (decrease) in liabilities:		
Accounts payable	17,380	(625)
Accrued expenses and other current liabilities	282	(1,052)
Deferred revenue	1,224	-
Total adjustments	<u>16,776</u>	<u>9,260</u>
Net cash (used) provided by operating activities	<u>(36,261)</u>	<u>194,584</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from the sales of investments	2,750	1,599
Purchases of equipment	(2,148)	-
Net cash provided by investing activities	<u>602</u>	<u>1,599</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(35,659)	196,183
CASH AND CASH EQUIVALENTS, beginning of year	211,722	15,539
CASH AND CASH EQUIVALENTS, end of year	\$ <u>176,063</u>	\$ <u>211,722</u>
SUPPLEMENTAL DISCLOSURE:		
Donations of investment securities	<u>\$ 1,934</u>	<u>\$ 2,348</u>

See independent accountant's review report and notes to financial statements.

VOICE OF THE FAITHFUL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MAY 31, 2011 AND 2010

A. 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.

B. Summary of Significant Accounting Policies:

Basis of accounting:

The Organization prepares its financial statements in accordance with generally accepted accounting principles. This basis of accounting involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when 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:

Under FASB ASC 958-205, Presentation of Financial Statements of Not-for-Profit Entities, 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.

Statements of cash flows:

The Organization considers money market mutual funds to be cash equivalents for the purposes of the statements of cash flows.

Investments:

Investments are stated at fair value. Net realized and unrealized gains and losses are reflected in the accompanying statements of activities. Investment income is accrued as earned.

VOICE OF THE FAITHFUL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MAY 31, 2011 AND 2010

(continued)

B. Summary of Significant Accounting Policies -- (continued):

Unconditional promises to give:

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 estimated future cash flows. The discounts on those amounts are computed at an appropriate discount rate commensurate with the risks involved. Amortization of the discount is included in contribution revenue. All unconditional promises to give are considered to be current as of May 31, 2011.

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. 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 immediately expensed.

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:

The Organization follows FASB ASC 958-605, "Accounting for Contributions Received and Contributions Made". In accordance with ASC 958-605, 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. In-kind donations are reflected at their fair values at the date of receipt.

Donated investments, equipment, and services:

Donations of investments and equipment are recorded as revenues at their estimated fair value at the date of donation. 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.

VOICE OF THE FAITHFUL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MAY 31, 2011 AND 2010

(continued)

B. Summary of Significant Accounting Policies -- (continued):

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 in accordance with FASB ASC 740, Income Taxes. Under that guidance the Organization assesses 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 did not identify any uncertain tax positions at either May 31, 2011 or 2010. Interest and penalties associated with unrecognized income taxes would be classified as additional income taxes in the statements of activities. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2007.

Subsequent Events:

Subsequent events have been evaluated through October 17, 2011, which is the date the financial statements were available to be issued.

C. Equipment:

Equipment consisted of the following at May 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Computers and software	\$ 20,560	\$ 21,589
Furniture, fixtures and equipment	7,218	7,218
	<u>27,778</u>	<u>28,807</u>
Less: Accumulated depreciation	(20,344)	(20,532)
	<u>\$ 7,434</u>	<u>\$ 8,275</u>

VOICE OF THE FAITHFUL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MAY 31, 2011 AND 2010

(continued)

D. Intangible Assets:

Intangible assets consisted of the following at May 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Website and database development	\$ 38,212	\$ 38,212
Trademark	6,550	6,550
	<u>44,762</u>	<u>44,762</u>
Less: Accumulated amortization	<u>(41,420)</u>	<u>(41,034)</u>
	<u>\$ 3,342</u>	<u>\$ 3,728</u>

E. Donated Services:

During the year ended May 31, 2011, the Organization received donations of \$4,712 of travel expenses from trustees and other affiliated individuals that attended its various meetings and \$3,211 for an unreimbursed donation for expenses of an officer. During the year ended May 31, 2010, the Organization received donations of \$6,744 of travel expenses from trustees and other affiliated individuals that attended its various meetings and \$1,527 for an unreimbursed donation for expenses of an officer and \$209 donated services from a contractor. Total donated services, valued at \$7,923 and \$8,480, are reported as donated services and program services expenses in the accompanying financial statements for the years ended May 31, 2011 and 2010, respectively.

F. Restrictions on Net Assets:

Temporarily restricted net assets at May 31, 2011 and 2010, are available for the following purposes:

	<u>2011</u>	<u>2010</u>
E&R Women's Fund	\$ 22,528	\$ 67,500
Universal Church Reform	10,660	60
Local Action	2,070	120
Communications	725	-
Child Protection & Support Survivors	494	-
Survivor Support Working Group	300	300
Bishops' Mailing	42	42
	<u>\$ 36,819</u>	<u>\$ 68,022</u>

VOICE OF THE FAITHFUL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MAY 31, 2011 AND 2010

(continued)

G. Functional Allocation of Expenses:

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.

ACCOMPANYING INFORMATION

VOICE OF THE FAITHFUL, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED MAY 31, 2011

	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total Expenses</u>
Salaries and contractors fees	\$ 119,639	\$ 69,081	\$ 74,163	\$ 262,883
Mail services	20,412	41,442	-	61,854
Program expenses	47,563	-	-	47,563
Postage and delivery	10,595	20,340	500	31,435
Occupancy	9,871	5,700	6,119	21,690
Professional fees	-	-	18,111	18,111
Marketing	11,931	-	-	11,931
Other expenses	1,721	994	8,614	11,329
Conferences/meetings/events	8,929	844	58	9,831
Software consulting	3,777	2,181	2,342	8,300
Telecommunications	4,532	1,132	1,215	6,879
Office expense	1,853	770	827	3,450
Depreciation	1,361	785	844	2,990
Printing and publications	603	-	-	603
Amortization	175	101	109	385
Communications	159	-	-	159
Charitable contributions	145	-	-	145
	<u>\$ 243,266</u>	<u>\$ 143,370</u>	<u>\$ 112,902</u>	<u>\$ 499,538</u>

See independent accountant's review report.

