

VOICE OF THE FAITHFUL, INC.
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED MAY 31, 2013 AND 2012

VOICE OF THE FAITHFUL, INC.

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

We have reviewed the accompanying statement of financial position of Voice of the Faithful, Inc. (a not-for-profit organization) as of May 31, 2013, and the related statements of activities and cash flows for the year 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. The 2012 financial statements of Voice of the Faithful, Inc. were reviewed by Parent, McLaughlin & Nangle Certified Public Accountants, Inc., whose practice was combined with Marcum LLP as of February 1, 2013, whose report dated October 18, 2012, stated that based on their procedures, they are not aware of any material modifications that should be made to those financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

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 review, 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 review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the 2013 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 2013 financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the 2013 financial statements, and we did not become aware of any material modifications that should be made to such information.

Marcum LLP

Boston, MA
March 10, 2014

VOICE OF THE FAITHFUL, INC.

STATEMENTS OF FINANCIAL POSITION

MAY 31, 2013 AND 2012

	2013	2012
Assets		
Current Assets		
Cash	\$ 62,725	\$ 135,955
Cash in escrow	6,050	--
Prepaid expenses and other current assets	<u>7,346</u>	<u>36,400</u>
Total Current Assets	<u>76,121</u>	<u>172,355</u>
Equipment, Net	2,572	5,135
Intangible Assets, Net	<u>2,573</u>	<u>2,957</u>
Total Assets	<u>\$ 81,266</u>	<u>\$ 180,447</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 21,579	\$ 25,006
Accrued expenses and other current liabilities	24,399	22,012
Escrow deposits	6,050	--
Deferred revenue	<u>--</u>	<u>24,260</u>
Total Current Liabilities	<u>52,028</u>	<u>71,278</u>
Net Assets		
Unrestricted	9,772	95,390
Temporarily restricted	<u>19,466</u>	<u>13,779</u>
Total Net Assets	<u>29,238</u>	<u>109,169</u>
Total Liabilities and Net Assets	<u>\$ 81,266</u>	<u>\$ 180,447</u>

See accompanying notes and independent accountants' review report.

VOICE OF THE FAITHFUL, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED MAY 31, 2013 AND 2012

	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue						
Contributions	\$ 351,703	\$ 36,381	\$ 388,084	\$ 389,599	\$ 6,860	\$ 396,459
Donated services	11,085	--	11,085	9,273	--	9,273
Convention Income	80,758	--	80,758	--	--	--
Other	10,477	--	10,477	1,764	--	1,764
Interest income	66	--	66	116	--	116
Net realized gain (loss) on sales of investments	(160)	--	(160)	259	--	259
Net assets released from restrictions	30,694	(30,694)	--	29,900	(29,900)	--
Total Revenue	<u>484,623</u>	<u>5,687</u>	<u>490,310</u>	<u>430,911</u>	<u>(23,040)</u>	<u>407,871</u>
Expenses						
Program services	408,191	--	408,191	215,516	--	215,516
Fundraising	78,182	--	78,182	132,292	--	132,292
Management and general	83,868	--	83,868	107,302	--	107,302
Total Expenses	<u>570,241</u>	<u>--</u>	<u>570,241</u>	<u>455,110</u>	<u>--</u>	<u>455,110</u>
Change in Net Assets	(85,618)	5,687	(79,931)	(24,199)	(23,040)	(47,239)
Net Assets, Beginning of Year	<u>95,390</u>	<u>13,779</u>	<u>109,169</u>	<u>119,589</u>	<u>36,819</u>	<u>156,408</u>
Net Assets, End of Year	<u>\$ 9,772</u>	<u>\$ 19,466</u>	<u>\$ 29,238</u>	<u>\$ 95,390</u>	<u>\$ 13,779</u>	<u>\$ 109,169</u>

See accompanying notes and independent accountants' review report.

VOICE OF THE FAITHFUL, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED MAY 31, 2013 AND 2012

	2013	2012
Cash Flows from Operating Activities		
Change in net assets	\$ (79,931)	\$ (47,239)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	4,069	3,731
Donations of investment securities	(999)	(1,948)
Net realized (gain) loss on sales of investments	160	(259)
(Increase) decrease in assets:		
Unconditional promises to give	--	3,120
Prepaid expenses and other current assets	29,054	(22,818)
Increase (decrease) in liabilities:		
Accounts payable	(3,427)	2,103
Accrued expenses and other current liabilities	2,387	(994)
Deferred revenue	(24,260)	23,036
	<u>6,984</u>	<u>5,971</u>
Net Cash Used in Operating Activities	<u>(72,947)</u>	<u>(41,268)</u>
Cash Flows from Investing Activities		
Proceeds from the sales of investments	839	2,207
Purchases of equipment	(1,122)	(1,047)
Net Cash Provided by (Used in) Investing Activities	<u>(283)</u>	<u>1,160</u>
Net Decrease in Cash	(73,230)	(40,108)
Cash, Beginning of Year	<u>135,955</u>	<u>176,063</u>
Cash, End of Year	<u>\$ 62,725</u>	<u>\$ 135,955</u>
Supplemental Disclosure		
Donations of investment securities	<u>\$ 999</u>	<u>\$ 1,948</u>

See accompanying notes and independent accountants' review report.

VOICE OF THE FAITHFUL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MAY 31, 2013 AND 2012

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 and accordingly reflect all significant receivables, payables, and other liabilities.

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, 2013 AND 2012

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.

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 immediately expensed. Expenditures for 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.

DEFERRED REVENUE

Deferred revenue consists of registration fees received in advance of the Organization's convention to be held in September 2012. Convention revenue is recognized upon the completion of the convention.

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. In-kind donations are reflected at their fair values at the date of receipt.

VOICE OF THE FAITHFUL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MAY 31, 2013 AND 2012

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 in accordance with FASB ASC 740, Accounting for Uncertainties in 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 has not identified any uncertain tax positions at May 31, 2013 and 2012. 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 2010.

SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 10, 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, 2013 AND 2012

NOTE 3 - CASH IN ESCROW

Cash in escrow consists 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 has been reflected in the Statement of Financial position under the caption escrow deposits.

NOTE 4 - EQUIPMENT

Equipment consisted of the following at May 31, 2013 and 2012:

	2013	2012
Computers and software	\$ 22,728	\$ 21,607
Furniture, fixtures and equipment	<u>7,218</u>	<u>7,218</u>
	29,946	28,825
Less: Accumulated depreciation	<u>(27,374)</u>	<u>(23,690)</u>
	<u>\$ 2,572</u>	<u>\$ 5,135</u>

NOTE 5 - INTANGIBLE ASSETS

Intangible assets consisted of the following at May 31, 2013 and 2012:

	2013	2012
Website and database development	\$ 38,212	\$ 38,212
Trademark	<u>6,550</u>	<u>6,550</u>
	44,762	44,762
Less: Accumulated amortization	<u>(42,189)</u>	<u>(41,805)</u>
	<u>\$ 2,573</u>	<u>\$ 2,957</u>

VOICE OF THE FAITHFUL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MAY 31, 2013 AND 2012

NOTE 6 - DONATED SERVICES

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. During the year ended May 31, 2012, the Organization received donations of \$3,086 for unreimbursed expenses of an officer, \$4,792 of travel expenses from trustees and other affiliated individuals that attended its various meetings and \$1,395 of donated services from a member. Total donated services, valued at \$11,085 and \$9,273, are reported as donated services and program services expenses in the accompanying financial statements for the years ended May 31, 2013 and 2012, respectively.

NOTE 7 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets at May 31, 2013 and 2012 are available for the following purposes:

	2013	2012
Universal Church Reform	\$ 5,000	\$ 8,159
Website Maintenance	13,501	2,500
Local Action	--	2,070
Communications	--	581
Child Protection & Support Survivors	--	427
Bishops' Mailing	--	42
Web Advertising	415	--
Chicago VOTF	550	--
	<u>\$ 19,466</u>	<u>\$ 13,779</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, 2013 AND 2012

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, 2013:

<u>Year ending May 31:</u>	
2014	\$ 19,800
2015	19,800
2016	<u>19,800</u>
	<u>\$ 59,400</u>

Rent expense for each of the years ended May 31, 2013 and 2012 totaled \$19,800.

VOICE OF THE FAITHFUL, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED MAY 31, 2013

	Program Services	Fundraising	Management and General	Total Expenses
Salaries and contractors fees	\$ 175,400	\$ 33,392	\$ 54,926	\$ 263,718
Mail services	9,997	20,298	--	30,295
Program expenses	3,816	--	--	3,816
Occupancy	10,978	5,354	5,215	21,547
Postage and delivery	6,436	13,067	--	19,503
Conferences/meetings/events	162,186	--	15	162,201
Professional fees	--	--	9,944	9,944
Other expenses	2,132	1,040	8,319	11,491
Software consulting	3,874	1,890	1,840	7,604
Telecommunications	4,760	1,168	1,138	7,066
Marketing	23,561	--	--	23,561
Office expense	1,970	961	936	3,867
Depreciation	1,876	916	892	3,684
Printing and publications	920	--	--	920
Donation	--	--	550	550
Amortization	196	96	93	385
Communications	89	--	--	89
	<u>\$ 408,191</u>	<u>\$ 78,182</u>	<u>\$ 83,868</u>	<u>\$ 570,241</u>

See accompanying notes and independent accountants' review report.