

VOICE OF THE FAITHFUL, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY
INFORMATION FOR THE YEARS ENDED
MAY 31, 2012 AND 2011

(With Independent Accountant's Review Report Thereon)



TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT ACCOUNTANT'S REVIEW REPORT	1
FINANCIAL STATEMENTS:	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Notes to Financial Statements	5-10
SUPPLEMENTARY INFORMATION:	
Schedule of Functional Expenses for the Year Ended May 31, 2012	12



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, 2012 and 2011, 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 12 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we did not become aware of any material modifications that should be made to such information.

Parent, McLaughlin & Nangle

Certified Public Accountants, Inc.

October 18, 2012

VOICE OF THE FAITHFUL, INC.

STATEMENTS OF FINANCIAL POSITION

	<u>May 31</u>	
	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 135,955	\$ 176,063
Unconditional promises to give	-	3,120
Prepaid expenses and other current assets	36,400	13,582
Total current assets	172,355	192,765
Equipment, net	5,135	7,434
Intangible assets, net	2,957	3,342
Total assets	<u>\$ 180,447</u>	<u>\$ 203,541</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 25,006	\$ 22,903
Accrued expenses and other current liabilities	22,012	23,006
Deferred revenue	24,260	1,224
Total current liabilities	71,278	47,133
Net assets:		
Unrestricted	95,390	119,589
Temporarily restricted	13,779	36,819
Total net assets	109,169	156,408
Total liabilities and net assets	<u>\$ 180,447</u>	<u>\$ 203,541</u>

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



VOICE OF THE FAITHFUL, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED MAY 31, 2012 AND 2011

	2012		2011	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
		Total		Total
REVENUE:				
Contributions	\$ 389,599	\$ 6,860	\$ 409,547	\$ 26,467
Donated services	9,273	-	7,923	-
Other	1,764	-	2,402	-
Interest income	116	-	192	-
Net realized and unrealized gain (loss) on investments	259	-	(30)	-
Net assets released from restrictions	29,900	(29,900)	57,670	(57,670)
Total revenue	430,911	(23,040)	477,704	(31,203)
EXPENSES:				
Program services	215,516	-	243,266	-
Fundraising	132,292	-	143,370	-
Management and general	107,302	-	112,902	-
Total expenses	455,110	-	499,538	-
CHANGE IN NET ASSETS	(24,199)	(23,040)	(21,834)	(31,203)
NET ASSETS, beginning of year	119,589	36,819	141,423	68,022
NET ASSETS, end of year	\$ 95,390	\$ 13,779	\$ 119,589	\$ 36,819
		\$ 109,169		\$ 156,408

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>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (47,239)	\$ (53,037)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	3,731	3,375
Donations of investment securities	(1,948)	(1,934)
Net realized and unrealized (gain) loss on investments	(259)	30
(Increase) decrease in assets:		
Unconditional promises to give	3,120	(405)
Prepaid expenses and other current assets	(22,818)	(3,176)
Increase (decrease) in liabilities:		
Accounts payable	2,103	17,380
Accrued expenses and other current liabilities	(994)	282
Deferred revenue	23,036	1,224
Total adjustments	<u>5,971</u>	<u>16,776</u>
Net cash used by operating activities	<u>(41,268)</u>	<u>(36,261)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from the sales of investments	2,207	2,750
Purchases of equipment	<u>(1,047)</u>	<u>(2,148)</u>
Net cash provided by investing activities	<u>1,160</u>	<u>602</u>
NET DECREASE IN CASH	(40,108)	(35,659)
CASH, beginning of year	<u>176,063</u>	<u>211,722</u>
CASH, end of year	<u>\$ 135,955</u>	<u>\$ 176,063</u>
SUPPLEMENTAL DISCLOSURE:		
Donations of investment securities	<u>\$ 1,948</u>	<u>\$ 1,934</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, 2012 AND 2011

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 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.

VOICE OF THE FAITHFUL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MAY 31, 2012 AND 2011

(continued)

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

Net assets – (continued):

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.

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.

Investments:

Investments are stated at fair value. Net realized and unrealized gains and losses are reflected in the accompanying Statements of Activities.

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.

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.

VOICE OF THE FAITHFUL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MAY 31, 2012 AND 2011

(continued)

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

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 conference being held in fiscal 2013.

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.

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).

VOICE OF THE FAITHFUL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MAY 31, 2012 AND 2011

(continued)

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

Income taxes – (continued):

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, 2012 and 2011. Interest and penalties associated with unrecognized income tax positions, if identified, would be classified as additional income taxes in the Statement of Activities. The Organization believes it is no longer subject to examination by the Internal Revenue Service for years before 2008.

Subsequent events:

Subsequent events have been evaluated through October 18, 2012, which is the date the financial statements were available to be issued.

C. Equipment:

Equipment consisted of the following at May 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Computers and software	\$ 21,607	\$ 20,560
Furniture, fixtures and equipment	<u>7,218</u>	<u>7,218</u>
	28,825	27,778
Less: Accumulated depreciation	<u>(23,690)</u>	<u>(20,344)</u>
	<u>\$ 5,135</u>	<u>\$ 7,434</u>

VOICE OF THE FAITHFUL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MAY 31, 2012 AND 2011

(continued)

D. Intangible Assets:

Intangible assets consisted of the following at May 31, 2012 and 2011:

	<u>2012</u>	<u>2011</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>(41,805)</u>	<u>(41,420)</u>
	<u>\$ 2,957</u>	<u>\$ 3,342</u>

E. Donated Services:

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. 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. Total donated services, valued at \$9,273 and \$7,923, are reported as donated services and program services expenses in the accompanying financial statements for the years ended May 31, 2012 and 2011, respectively.

F. Restrictions on Net Assets:

Temporarily restricted net assets at May 31, 2012 and 2011, are available for the following purposes:

	<u>2012</u>	<u>2011</u>
Universal Church Reform	\$ 8,159	\$ 10,660
Website Maintenance	2,500	-
Local Action	2,070	2,070
Communications	581	725
Child Protection & Support Survivors	427	494
Bishops' Mailing	42	42
E&R Women's Fund	-	22,528
Survivor Support Working Group	-	300
	<u>\$ 13,779</u>	<u>\$ 36,819</u>

VOICE OF THE FAITHFUL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MAY 31, 2012 AND 2011

(continued)

G. 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.

SUPPLEMENTARY INFORMATION

VOICE OF THE FAITHFUL, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED MAY 31, 2012

	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total Expenses</u>
Salaries and contractors fees	\$ 122,767	\$ 77,881	\$ 74,425	\$ 275,073
Mail services	13,921	28,263	-	42,184
Program expenses	25,628	-	-	25,628
Occupancy	9,690	6,148	5,875	21,713
Postage and delivery	6,631	12,826	276	19,733
Conferences/meetings/events	16,219	5	483	16,707
Professional fees	-	-	12,343	12,343
Other expenses	1,802	1,459	8,231	11,492
Software consulting	3,704	2,350	2,246	8,300
Telecommunications	4,681	1,187	1,135	7,003
Marketing	5,639	-	-	5,639
Office expense	1,759	1,117	1,279	4,155
Depreciation	1,494	947	905	3,346
Printing and publications	1,375	-	-	1,375
Amortization	172	109	104	385
Communications	34	-	-	34
	<u>\$ 215,516</u>	<u>\$ 132,292</u>	<u>\$ 107,302</u>	<u>\$ 455,110</u>

See independent accountant's review report.