MARY'S PENCE

Financial Statements

June 30, 2014

Mary's Pence

Funding Women. Changing Lives.

MARY'S PENCE

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AKINS HENKE & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

600 INWOOD AVENUE NORTH
SUITE 160
OAKDALE, MN 55128
TEL: (651) 636-3806
FAX: (651) 636-1136
www.akinshenke.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Mary's Pence
Saint Paul, Minnesota

We have audited the accompanying financial statements of Mary's Pence which comprise the statement of financial position as of June 30, 2014 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT, continued

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mary's Pence as of June 30, 2014 and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The prior year summarized comparative information has been derived from Mary's Pence's June 30, 2013 financial statements which were audited by other auditors. In their report dated October 10, 2013, they expressed an unmodified opinion on those financial statements.

October 9, 2014 Akins Henke and Company

MARY'S PENCE
Statements of Financial Position
June 30, 2014 and 2013

ASSETS

		2014	2013
Current Assets			
Cash	$	180,609	112,589
Promise to Give		8,000	-
Prepaid Expense		10,466	4,751
Total Current Assets		199,075	117,340
Software, Net		-	5,030
Investments		212,188	172,668
Security Deposit		600	600
Total Assets	$	411,863	295,638

LIABILITIES AND NET ASSETS

		2014	2013
Current Liabilities			
Accounts Payable	$	2,969	4,012
Grants Payable		6,000	-
Total Current Liabilities		8,969	4,012
Promissory Note		20,000	20,000
Total Liabilities		28,969	24,012
Net Assets			
Unrestricted		374,644	271,376
Temporarily Restricted		8,250	250
Total Net Assets		382,894	271,626
Total Liabilities and Net Assets	$	411,863	295,638

See accompanying notes to the financial statements.

MARY'S PENCE
Statement of Activities
For the Year Ended June 30, 2014
With Comparative Totals for 2013

REVENUE AND SUPPORT	Unrestricted	Temporarily Restricted	Total 2014	Total 2013
Contributions	$ 367,285	81,740	449,025	423,729
Investment income, net	14,972	-	14,972	8,670
Total Revenue and Support	382,257	81,740	463,997	432,399
NET ASSETS RELEASED FROM RESTRICTIONS:				
Restrictions Satisfied by Expenditures	73,740	(73,740)	-	-
EXPENSES				
Program	268,869	-	268,869	259,517
Support services:				
Management and general	23,359	-	23,359	20,014
Fundraising	60,501	-	60,501	56,985
Total Expenses	352,729	-	352,729	336,516
CHANGE IN NET ASSETS	103,268	8,000	111,268	95,883
NET ASSETS - BEGINNING OF YEAR	271,376	250	271,626	175,743
NET ASSETS - END OF YEAR	$ 374,644	8,250	382,894	271,626

See accompanying notes to the financial statements.

MARY'S PENCE

Statement of Functional Expenses

For the Year Ended June 30, 2014

With Comparative Totals for 2013

	Program	Management and General	Fundraising	Total 2014	Total 2013
Salaries	$ 64,709	9,633	32,760	107,102	108,615
Payroll taxes	4,834	780	2,638	8,252	8,967
Employee benefits	10,361	1,079	3,860	15,300	12,269
Grants	63,585	-	-	63,585	69,166
Public education and outreach	12,764	-	-	12,764	11,621
Marketing	-	-	4,481	4,481	3,942
Occupancy	5,710	445	1,261	7,416	7,200
Postage	5,553	190	2,435	8,178	7,761
Supplies	5,989	288	1,154	7,431	8,186
Telephone	2,740	144	441	3,325	3,060
Insurance	1,789	137	379	2,305	2,101
Professional fees	59,249	6,844	3,292	69,385	53,617
Travel	17,728	104	1,178	19,010	16,606
Board meetings and travel	5,844	455	1,290	7,589	8,372
Bank and credit card fees	-	2,288	-	2,288	2,271
Equipment rental	4,825	376	1,065	6,266	5,760
Dues and subscriptions	456	8	21	485	1,032
Amortization	1,509	-	1,509	3,018	3,018
Loss on disposal of software	1,006	-	1,006	2,012	-
Licenses and fees	154	588	1,692	2,434	2,596
Miscellaneous	64	-	39	103	356
Total Expenses	$ 268,869	23,359	60,501	352,729	336,516

See accompanying notes to the financial statements.

MARY'S PENCE

Statements of Cash Flows

For the Years Ended June 30, 2014 and 2013

CASH FLOWS PROVIDED BY (USED FOR) OPERATING ACTIVITIES:		2014	2013
Change in net assets	$	111,268	95,883
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:			
Amortization		3,018	3,018
Loss on disposal of software		2,012	-
Net realized and unrealized gains on investments		(11,902)	(6,462)
Decrease in accounts receivable		-	240
Decrease in refunds		-	1,469
Increase in promise to give		(8,000)	-
Increase in prepaid expense		(5,715)	(2,427)
Decrease in accounts payable		(1,043)	(4,346)
Increase in grants payable		6,000	-
Net cash provided by operating activities		95,638	87,375
CASH FLOWS USED FOR INVESTING ACTIVITIES:			
Sales of investments		42,968	36,196
Purchase of investments		(70,586)	(66,503)
Net cash used for investing activities		(27,618)	(30,307)
INCREASE IN CASH		68,020	57,068
CASH - BEGINNING OF YEAR		112,589	55,521
CASH - END OF YEAR	$	180,609	112,589

Supplemental Disclosures of Cash Flow Information

Cash is defined as cash in checking and savings.

See accompanying notes to the financial statements.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Mary’s Pence (the Organization) was incorporated under the laws of the State of Illinois in 1987 as a non-profit. Mary’s Pence promotes Catholic social justice by directing donated resources to small women’s projects in North America, South America, Central America and the Caribbean. Mary’s Pence is an organization serving women in the Americas in order to help them improve their overall health and well-being through increased economic self-sufficiency. The focus is on ministries that directly impact the quality of life. Mary’s Pence offers resources and training that increases women’s economic power while fostering education and expanding leadership.

Programs

The Organization’s programs are as follows:

Mary’s Pence Grants

Mary’s Pence gives grants to projects that increase the economic security of women and increase women’s voice in their community. The Organization supports efforts for systemic change that improves the status of women. Funding decisions are rooted in a Catholic tradition of social justice together with feminist values where all are welcome at the table. Awards are a maximum of $4,000. Grantees must have a budget of under $150,000. Grantees in North, Central and South America and the Caribbean are eligible for funding.

ESPERA Program

ESPERA Funds are community lending pools for women. Mary’s Pence works with emerging or existing women’s networks. The women own and manage the fund. The money does not return to Mary’s Pence. The money will be used by the women now and into the future. Each ESPERA Fund is designed by the women involved to best meet their needs. This is a very important statement. Mary’s Pence believes in the wisdom of local women. The women understand the issues that they face in their everyday lives, and they know their needs best.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Programs, (continued)

All ESPERA Funds have the following in common:

- A woman's network owns each fund and reaps the benefits.
- The women manage the fund, setting interest and terms.
- These loans are used for income generating projects.

Education and Outreach

Our Education and Outreach efforts are based on Catholic Social Teaching Principles. Mary's Pence shares information on the issues of justice, women's rights and human rights, and issues faced by women and families living in poverty – here in the U.S. as well as those in Latin America. To see positive societal change, Mary's Pence believes all have to understand how society's institutions affect those in poverty, understand what our faith calls us to do, and to be in solidarity with our sisters and brothers around the world. Our Education and Outreach efforts include our newsletters, emails and letters to donors and interested parties, participation in conferences and workshops, our Calendar of Women, and other ways we interact with our communities.

Basis of Presentation

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), as codified by the Financial Accounting Standards Board. Under U.S. GAAP, 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.

Unrestricted Net Assets- Those resources over which the Board of Directors has discretionally control.

Temporarily Restricted Net Assets- Those resources subject to a donor-imposed restriction which will be satisfied by actions of the Organization or passage of time. At June 30, 2014, temporarily restricted net assets are restricted for the ESPERA program.

Permanently Restricted Net Assets- Those resources subject to a donor-imposed restriction required to be maintained permanently by the Organization. The Organization has no permanently restricted net assets.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Unrestricted, Temporarily Restricted and Permanently Restricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are recorded as restricted support and then released from restriction.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets or as decreases of liabilities or expenses, depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Grants

Unconditional grants are recorded as expense when approved by the Organization's Board of Directors. Grants that are subject to conditions are recorded when the conditions have been substantially met.

Grants Payable

Grants payable consists of promises made by the Organization to provide support to various organizations for the furtherance of Mary's Pence programs.

Software

It is the policy of the Organization to capitalize software. Amortization is provided using the straight-line method over the estimated useful life of three years.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Contributed Services

A number of volunteers have made significant donations of their time to the Organization's program and support functions. The value of this contributed time does not meet the criteria for recognition of contributed services and, accordingly, is not reflected in the accompanying financial statements.

Income Tax

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. U.S. GAAP requires management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization and has concluded that as of June 30, 2014 and 2013, there were no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization believes it is no longer subject to income tax examinations for years prior to fiscal year 2011.

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

The Organization maintains checking and savings accounts at two financial institutions. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to $250,000. At June 30, 2014 and 2013, the Organization had no uninsured cash balances.

Concentrations of Credit Risk Due to Promises to Give

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of promises to give. Management believes concentrations of credit risk with respect to promises to give are limited due to the nature of the promises to give. Promises to give predominantly consist of amounts owed by institutions. As of June 30, 2014, management believes the Organization had no significant concentrations of credit risk.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Functional Allocation of Expenses

The expenses are summarized on a functional basis. Salaries and related expenses are allocated by function based on job descriptions and the best estimates of management. Expenses, other than salaries and related expenses, which are not directly identifiable, are allocated based on the best estimates of management.

Subsequent Events

Management has evaluated subsequent events through the report date, the date which the financial statements were available for issue.

(2) INVESTMENTS

Investments are recorded at fair value and are comprised of the following at June 30, 2014 and 2013:

	2014	2013
Money Market	$ 50,862	17,313
Fixed Income Mutual Fund	10,417	-
Real Estate Investment Trust	4,510	4,667
Corporate and Government Bonds	81,218	91,780
U.S. Stocks	65,181	58,908
Total	$ 212,188	172,668

Investment income, net consisted of the following for fiscal 2014 and 2013:

	2014	2013
Interest and dividends	$ 4,286	3,231
Unrealized gains, net	8,986	1,530
Realized gains, net	2,916	4,932
Investment management fees	(1,216)	(1,023)
Total	$ 14,972	8,670

The investments are subject to market and trading fluctuations. Management believes there are no significant concentrations of credit risk.

(3) FAIR VALUE MEASUREMENTS

U.S. GAAP establishes a three-tier fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

- Level 1 assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets, such as the New York Stock Exchange.

- Level 2 assets and liabilities are valued using inputs other than unadjusted quoted prices included in Level 1 that are observable either directly or indirectly for the assets or liability. Bonds were valued based on inputs from brokers and dealers in secondary markets.

- Level 3 assets and liabilities are valued using pricing inputs which are unobservable for the asset or liability. The Organization has no level 3 assets or liabilities.

		Fair Value Measurements at Reporting Date Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2014				
Money Market	$ 50,862	50,862	-	-
Fixed Income Mutual Fund	10,417	10,417	-	-
Real Estate Investment Trust	4,510	4,510	-	-
Corporate and Government Bonds	81,218	-	81,218	-
U.S. Stocks	65,181	65,181	-	-
	$ 212,188	130,970	81,218	-

(3) FAIR VALUE MEASUREMENTS, (continued)

		Fair Value Measurements at Reporting Date Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2013				
Money Market	$ 17,313	17,313	-	-
Real Estate Investment Trust	4,667	4,667	-	-
Corporate and Government Bonds	91,780	-	91,780	-
U.S. Stocks	58,908	58,908	-	-
	$ 172,668	80,888	91,780	-

(4) SOFTWARE

At June 30, 2013, software, net consists of the following:

Software	$ 9,054
Less Accumulated Amortization	(4,024)
Total	$ 5,030

In June 2014, the Organization disposed of this software.

(5) RETIREMENT PLAN

The Organization maintains a Simple IRA retirement plan which is available to all eligible employees. Participants may contribute a certain percentage of their compensation, not to exceed the limitations established by the Internal Revenue Code. The Organization makes matching contributions equal to 100% of the employee's contributions, not to exceed 3% of the employee's compensation. For fiscal 2014 and 2013, the Organization contributed $3,860 and $2,973, respectively, to the plan.

(6) LEASES

The Organization has an operating lease for office space and is charged monthly rent. The lease expires on August 31, 2015. Rent expense for fiscal year 2014 and 2013 was $7,416 and $7,200, respectively.

The Organization has operating leases for office equipment which expire in fiscal 2016. Rent expense on such equipment for fiscal year 2014 and 2013 was $6,034.

Future minimum lease payments under the above operating leases are as follows:

2015	$ 15,288
2016	6,230
	$ 21,518

(7) PROMISSORY NOTE

The Organization has an unsecured promissory note with Sisters of Charity of Saint Vincent De Paul New York for $20,000. The note matures and the principal is due September 1, 2015. Per the terms of the note, the note may be extended beyond September 1, 2015 according to arrangements made between the two parties. The note bears no interest as long as Mary's Pence submits annual financial audits and progress reports to Sisters of Charity of Saint Vincent De Paul New York.