

MARY'S PENCE

Financial Statements

June 30, 2019



Mary's Pence

Funding Women. Changing Lives.

MARY'S PENCE

Table of Contents

Independent Auditor's Report.....	1-2
Statements of Financial Position.....	3
Statement of Activities	4
Statement of Functional Expenses	5
Statements of Cash Flows.....	6
Notes to the Financial Statements.....	7 – 14



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, 2019 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 the accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the 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, 2019 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.

Report on Summarized Comparative Information

We have previously audited Mary's Pence's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 19, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

October 18, 2019

Akins Henke and Company

MARY'S PENCE
 Statements of Financial Position
 June 30, 2019 and 2018

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
Current Assets:		
Cash	\$ 84,124	271,454
Prepaid expense	21,494	20,297
Total Current Assets	<u>105,618</u>	<u>291,751</u>
Website, net	7,186	13,820
Investments	559,063	522,328
Security deposit	1,600	600
Total Assets	<u>\$ 673,467</u>	<u>828,499</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Current Liabilities:		
Accounts payable	\$ 5,715	8,973
Accrued compensation	10,782	8,915
Total Current Liabilities	<u>16,497</u>	<u>17,888</u>
Promissory note	20,000	20,000
Total Liabilities	<u>36,497</u>	<u>37,888</u>
Net Assets:		
Without donor restrictions:		
Undesignated	61,484	346,847
Board designated	575,486	438,621
Total Net Assets Without Donor Restrictions	<u>636,970</u>	<u>785,468</u>
With donor restrictions	-	5,143
Total Net Assets	<u>636,970</u>	<u>790,611</u>
Total Liabilities and Net Assets	<u>\$ 673,467</u>	<u>828,499</u>

See accompanying notes to the financial statements.

MARY'S PENCE
Statement of Activities
For the Year Ended June 30, 2019
With Comparative Totals for 2018

	Without Donor Restrictions	With Donor Restrictions	Total 2019	Total 2018
REVENUE AND SUPPORT				
Contributions	\$ 368,629	67,738	436,367	537,040
Estate contributions	51,718	-	51,718	64,779
Investment income, net	33,942	-	33,942	13,426
Total Revenue and Support	<u>454,289</u>	<u>67,738</u>	<u>522,027</u>	<u>615,245</u>
NET ASSETS RELEASED FROM RESTRICTIONS				
Restrictions Satisfied by Expenditures	<u>72,881</u>	<u>(72,881)</u>	<u>-</u>	<u>-</u>
EXPENSES				
Program	557,636	-	557,636	409,533
Support services:				
Management and general	34,439	-	34,439	30,134
Fundraising	83,593	-	83,593	77,353
Total Expenses	<u>675,668</u>	<u>-</u>	<u>675,668</u>	<u>517,020</u>
CHANGE IN NET ASSETS	(148,498)	(5,143)	(153,641)	98,225
NET ASSETS - BEGINNING OF YEAR	<u>785,468</u>	<u>5,143</u>	<u>790,611</u>	<u>692,386</u>
NET ASSETS - END OF YEAR	<u>\$ 636,970</u>	<u>-</u>	<u>636,970</u>	<u>790,611</u>

See accompanying notes to the financial statements.

MARY'S PENCE
Statement of Functional Expenses
For the Year Ended June 30, 2019
With Comparative Totals for 2018

	Program	Management and General	Fundraising	Total 2019	Total 2018
Salaries	\$ 137,461	15,906	42,711	196,078	163,967
Payroll taxes	10,280	1,182	3,142	14,604	12,481
Employee benefits	23,786	3,480	4,686	31,952	22,519
Grants	129,695	-	-	129,695	111,393
Public education and outreach	32,924	-	-	32,924	23,800
Marketing	-	-	12,327	12,327	6,986
Occupancy	9,467	592	1,775	11,834	11,248
Postage	8,365	193	1,532	10,090	8,809
Supplies	7,807	214	687	8,708	3,082
Telephone	3,523	175	558	4,256	3,374
Insurance	3,502	172	541	4,215	3,335
Professional fees	100,520	7,506	5,865	113,891	83,239
Travel	65,967	104	1,498	67,569	27,481
Board meetings and travel	12,929	813	2,601	16,343	15,669
Bank and credit card fees	-	3,470	-	3,470	3,799
Equipment rental	3,107	196	616	3,919	4,626
Dues and subscriptions	1,900	23	170	2,093	716
Licenses and fees	-	68	3,344	3,412	4,335
Depreciation	5,307	-	1,327	6,634	6,080
Miscellaneous	1,096	345	213	1,654	81
Total Expenses	\$ 557,636	34,439	83,593	675,668	517,020

See accompanying notes to the financial statements.

MARY'S PENCE
 Statements of Cash Flows
 For the Years Ended June 30, 2019 and 2018

CASH FLOWS FROM OPERATING ACTIVITIES:	<u>2019</u>	<u>2018</u>
Change in net assets	\$ (153,641)	98,225
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation expense	6,634	6,080
Net realized and unrealized gains on investments	(21,650)	(1,219)
Increase in prepaid expense	(1,197)	(11,300)
Increase in security deposit	(1,000)	-
Decrease in accounts payable	(3,258)	(534)
Increase in accrued compensation	1,867	4,708
Net cash provided by (used for) operating activities	<u>(172,245)</u>	<u>95,960</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of website	-	(7,960)
Sale of investments	1,085	1,483
Purchase of investments	<u>(16,170)</u>	<u>(123,050)</u>
Net cash used for investing activities	<u>(15,085)</u>	<u>(129,527)</u>
DECREASE IN CASH	(187,330)	(33,567)
CASH - BEGINNING OF YEAR	<u>271,454</u>	<u>305,021</u>
CASH - END OF YEAR	<u>\$ 84,124</u>	<u>271,454</u>

See accompanying notes to the financial statements.

MARY'S PENCE
Notes to the Financial Statements
June 30, 2019
With Comparative Totals for 2018

(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 Grants are awarded to projects that increase the economic security of women and increase women's voice in their community. We support projects that are locally conceived and implemented, based on the needs within the community. Projects focus on systemic change that improves the status of women.

ESPERA Program

Through the ESPERA program, Mary's Pence partners with women's organizations in Central America, Mexico and Haiti to start community lending pools. The women own and manage the fund, the money does not return to Mary's Pence. The money is used by the women now and into the future, for income generating projects. Mary's Pence supports the groups with coaching, encouragement, and additional funds for administration of the fund, or training and development.

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 other issues faced by women and families living in poverty – here in the U.S. as well as those in Latin America. 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.

MARY'S PENCE
Notes to the Financial Statements
June 30, 2019
With Comparative Totals for 2018

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

Adoption of New Accounting Standards

In August of 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-14, Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016-14). The provisions of ASU 2016-14 are effective for fiscal years beginning after December 15, 2017. This standard has been adopted by the Organization for fiscal 2019 and has been retroactively applied to fiscal 2018.

Basis of Presentation

The accompanying financial statements are presented on the accrual basis in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Under U.S. GAAP, the Organization is required to report information regarding its financial position and activities according to two classes of net assets.

Without Donor Restrictions - Resources over which management and the board of directors have discretionary control. This includes \$575,486 of funds designated by the Board of Directors as future operating reserves.

With Donor Restrictions - Those resources subject to donor-imposed restrictions which will be satisfied by actions of the Organization, or passage of time, or that will be maintained in perpetuity by the Organization. The Organization had net assets with donor restrictions of \$5,143 as of June 30, 2018 for the grantee retreat. There are no net assets with donor restrictions as of June 30, 2019.

Revenue and Support

Under U.S. GAAP, contributions received, whether totally collected or to be paid over time, are recorded in their entirety as support when committed by the donor. Contributions are recorded as support without donor restrictions or support with donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions 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 support with donor restrictions and then released from restriction.

MARY'S PENCE
Notes to the Financial Statements
June 30, 2019
With Comparative Totals for 2018

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

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.

Website

The website cost at June 30, 2019 and 2018 was \$19,900. Depreciation is provided, using the straight-line method, over its estimated useful life of three years. Accumulated depreciation at June 30, 2019 and 2018 was \$12,714 and \$6,080, respectively.

Concentration of Revenue and Support

As of June 30, 2018, two donors accounted for approximately 26% of total revenue and support. As of June 30, 2019, there were no concentrations of total revenue and support.

Grants

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

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.

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.

MARY'S PENCE
Notes to the Financial Statements
June 30, 2019
With Comparative Totals for 2018

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

Investments

Investments are recorded at fair value. Fair value is the price that would be received to sell an asset in orderly transaction between market participants at the measurement date. Net investment income is reported in the statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses. Interest and dividends are recorded when earned and unrealized gains and losses are recorded based on the fair value of the investment. Net investment income, including gain and losses on investments, is recorded as increases or decreases in net assets without donor restrictions unless its use is limited by donor-imposed restrictions or laws. In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Management believes there are no significant concentrations of credit risk.

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, 2019 and 2018, there were no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

Cash

Cash is defined as cash in checking and savings. 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, 2019 and 2018, the Organization had no uninsured cash balances.

Prior Year Summarized Information

The financial statements include certain prior year summarized information in total but not by net asset class or by functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

MARY'S PENCE
Notes to the Financial Statements
June 30, 2019
With Comparative Totals for 2018

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

Functional Allocation of Expense

The costs of providing programs and other activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include occupancy, depreciation, insurance, equipment rent, marketing, supplies, postage, telephone, travel, board meetings and travel, dues and subscriptions, and miscellaneous expenses. Such expenses are allocated based on full-time staffing equivalents worked in the various functions and square footage.

Subsequent Events

Management has evaluated subsequent events for potential recognition and disclosure through October 18, 2019, the date which the financial statements were available for issue.

(2) **LIQUIDITY AND FINANCIAL ASSETS**

The Organization regularly monitors liquidity required to meet its operating needs, while also striving to maximize the investment of its available funds. Monthly cash requirements are held in the checking and savings accounts.

The Organization has a goal to maintain cash on hand to meet nine months of operating expenses. The Organization also has significant Board designated net assets totaling \$575,486 intended for future operations. These designations have been reflected as a reduction in the financial assets available within one year as the Board does not presently intend to spend from these funds. However, the Organization does not consider the designated funds to be a significant constraint to the availability of financial assets for the Organization as they can be released by Board action, if necessary.

The Organization had a deficit of \$153,641 in fiscal 2019. The Organization has a goal of not holding funds above the amount needed for nine months of operating expenses. This deficit was a planned spend down of funds that accumulated over several years from unplanned income including bequests and a few large donations. The Board determined that funds be used to increase investments in the ESPERA program and in the Mary's Pence Grants program.

MARY'S PENCE
Notes to the Financial Statements
June 30, 2019
With Comparative Totals for 2018

(2) **LIQUIDITY AND FINANCIAL ASSETS (continued)**

The following table reflects the Organizations financial assets as of June 30, 2019, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date.

Cash and cash equivalents	\$ 84,124	
Investments	<u>559,063</u>	
Total financial assets	643,187	
Less amounts not available to be used within one year:		
Board designated		<u>(575,486)</u>
Financial assets available within one year to meet cash needs for general expenditures		\$ <u>67,701</u>

(3) **INVESTMENTS**

Investments are comprised of the following at June 30:

	2019	2018
Money Market Funds	\$ 158,025	143,778
Fixed Income Mutual Funds	130,062	120,594
Equity Mutual Funds	118,582	109,002
Corporate and Government Bonds	58,285	65,265
U.S. Stocks	<u>94,109</u>	<u>83,689</u>
Total	<u>\$ 559,063</u>	<u>522,328</u>

(4) **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.

MARY'S PENCE
Notes to the Financial Statements
June 30, 2019
With Comparative Totals for 2018

(4) **FAIR VALUE MEASUREMENTS (continued)**

- 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 values of assets and liabilities measured on a recurring basis are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>June 30, 2019</u>				
Money Market	\$ 158,025	-	-	158,025
Fixed Income Mutual Fund	130,062	-	-	130,062
Equity Mutual Funds	118,582	-	-	118,582
Corporate and Government Bonds	-	58,285	-	58,285
U.S. Stocks	<u>94,109</u>	-	-	<u>94,109</u>
	<u>\$ 500,778</u>	<u>58,285</u>	<u>-</u>	<u>559,063</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>June 30, 2018</u>				
Money Market	\$ 143,778	-	-	143,778
Fixed Income Mutual Fund	120,594	-	-	120,594
Equity Mutual Funds	109,002	-	-	109,002
Corporate and Government Bonds	-	65,265	-	65,265
U.S. Stocks	<u>83,689</u>	-	-	<u>83,689</u>
	<u>\$ 457,063</u>	<u>65,265</u>	<u>-</u>	<u>522,328</u>

(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 2019 and 2018, the Organization contributed \$5,514 and \$4,548, respectively, to the plan.

MARY'S PENCE
Notes to the Financial Statements
June 30, 2019
With Comparative Totals for 2018

(6) **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, 2020. Per the terms of the note, the note may be extended beyond September 1, 2020 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.

(7) **LEASES**

The Organization has an operating lease for office space. The lease expires on May 31, 2021. Rent expense for fiscal year 2019 and 2018 was \$11,834 and \$11,248, respectively.

The Organization has operating leases for office equipment which expire in fiscal 2022. Rent expense on such equipment for fiscal year 2019 and 2018 was \$3,243.

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

2020	\$ 26,798
2021	24,934
2022	<u>105</u>
	<u>\$ 51,837</u>

(8) **NET ASSETS RELEASED FROM DONOR RESTRICTIONS**

Net assets were released from donor restrictions by incurring expenses that satisfy the restricted purpose or other events specified by the donors. Net assets released from restriction were comprised of the following at June 30, 2019 and 2018:

	2019	2018
Satisfaction of purpose restrictions:		
ESPERA Funds	\$ 67,738	61,150
Grantee Retreat	<u>5,143</u>	<u>2,773</u>
Total Net Assets Released From Restrictions	<u>\$ 72,881</u>	<u>63,923</u>