

MARY'S PENCE

Financial Statements

June 30, 2021



Mary's Pence

Funding Women. Changing Lives.

MARY'S PENCE

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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, 2021, 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, 2021 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 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 9, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

September 21, 2021

Akins Henke and Company

MARY'S PENCE
 Statements of Financial Position
 June 30, 2021 and 2020

ASSETS

	<u>2021</u>	<u>2020</u>
Current Assets:		
Cash	\$ 145,441	147,811
Prepaid expense	18,430	21,083
Total Current Assets	<u>163,871</u>	<u>168,894</u>
Website, net	-	552
Investments	527,027	440,295
Security deposit	1,600	1,600
Total Assets	<u>\$ 692,498</u>	<u>611,341</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable	\$ 18,933	16,843
Accrued compensation	6,066	8,437
Paycheck Protection Program loan	-	21,598
Total Current Liabilities	<u>24,999</u>	<u>46,878</u>
Paycheck Protection Program loan	-	27,502
Promissory note	20,000	20,000
Total Liabilities	<u>44,999</u>	<u>94,380</u>
Net Assets:		
Without donor restrictions:		
Undesignated	294,923	153,454
Board designated	352,576	363,507
Total Net Assets	<u>647,499</u>	<u>516,961</u>
Total Liabilities and Net Assets	<u>\$ 692,498</u>	<u>611,341</u>

See accompanying notes to the financial statements.

MARY'S PENCE
Statement of Activities
For the Year Ended June 30, 2021
With Comparative Totals for 2020

	Without Donor Restrictions	With Donor Restrictions	Total 2021	Total 2020
REVENUE AND SUPPORT				
Contributions	\$ 537,903	90,861	628,764	513,779
Estate contributions	-	-	-	950
Paycheck Protection Program loan forgiveness	49,100	-	49,100	-
Investment income, net	82,531	-	82,531	28,761
Total Revenue and Support	<u>669,534</u>	<u>90,861</u>	<u>760,395</u>	<u>543,490</u>
NET ASSETS RELEASED FROM RESTRICTIONS				
Restrictions Satisfied by Expenditures	<u>90,861</u>	<u>(90,861)</u>	<u>-</u>	<u>-</u>
EXPENSES				
Program	504,875	-	504,875	541,527
Support services:				
Management and general	36,846	-	36,846	36,420
Fundraising	88,136	-	88,136	85,552
Total Expenses	<u>629,857</u>	<u>-</u>	<u>629,857</u>	<u>663,499</u>
CHANGE IN NET ASSETS	130,538	-	130,538	(120,009)
NET ASSETS - BEGINNING OF YEAR	<u>516,961</u>	<u>-</u>	<u>516,961</u>	<u>636,970</u>
NET ASSETS - END OF YEAR	<u>\$ 647,499</u>	<u>-</u>	<u>647,499</u>	<u>516,961</u>

See accompanying notes to the financial statements.

MARY'S PENCE
Statement of Functional Expenses
For the Year Ended June 30, 2021
With Comparative Totals for 2020

	Program	Management and General	Fundraising	Total 2021	Total 2020
Salaries	\$ 146,655	19,953	55,437	222,045	213,007
Payroll taxes	11,277	1,533	4,272	17,082	16,639
Employee benefits	17,675	1,352	2,215	21,242	23,158
Grants	166,024	-	-	166,024	140,563
Public education and outreach	23,987	-	-	23,987	27,361
Marketing	50	-	11,168	11,218	9,230
Occupancy	21,567	1,198	3,594	26,359	26,020
Postage	6,609	127	1,790	8,526	9,170
Supplies	3,197	83	174	3,454	6,933
Telephone	5,037	276	597	5,910	5,417
Insurance	3,001	205	461	3,667	4,492
Professional fees	92,997	7,873	4,262	105,132	114,495
Travel	2,062	17	38	2,117	44,087
Board meetings and travel	226	17	36	279	4,167
Bank and credit card fees	-	3,802	104	3,906	3,886
Equipment rental	2,983	221	479	3,683	3,972
Dues and subscriptions	965	27	58	1,050	727
Licenses and fees	-	112	3,384	3,496	3,268
Depreciation	497	-	55	552	6,634
Miscellaneous	66	50	12	128	273
Total Expenses	\$ 504,875	36,846	88,136	629,857	663,499

See accompanying notes to the financial statements.

MARY'S PENCE
 Statements of Cash Flows
 For the Years Ended June 30, 2021 and 2020

CASH FLOWS FROM OPERATING ACTIVITIES:	<u>2021</u>	<u>2020</u>
Change in net assets	\$ 130,538	(120,009)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation expense	552	6,634
Paycheck Protection Program loan forgiveness	(49,100)	-
Net realized and unrealized gains on investments	(72,896)	(18,449)
Decrease in prepaid expense	2,653	411
Increase in accounts payable	2,090	11,128
Decrease in accrued compensation	(2,371)	(2,345)
Net cash provided by (used for) operating activities	<u>11,466</u>	<u>(122,630)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale of investments	483	150,985
Purchase of investments	<u>(14,319)</u>	<u>(13,768)</u>
Net cash provided by (used for) investing activities	<u>(13,836)</u>	<u>137,217</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings from Paycheck Protection Program loan	<u>-</u>	<u>49,100</u>
INCREASE (DECREASE) IN CASH	(2,370)	63,687
CASH - BEGINNING OF YEAR	<u>147,811</u>	<u>84,124</u>
CASH - END OF YEAR	<u><u>\$ 145,441</u></u>	<u><u>147,811</u></u>

See accompanying notes to the financial statements.

MARY'S PENCE
Notes to the Financial Statements
June 30, 2021
With Comparative Totals for 2020

(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 women's projects in the United States, Mexico, and Central America. Mary's Pence supports women through grants and programming that embody the values of dignity, justice, and solidarity. We support projects led by and benefitting women (cis women, trans women, and nonbinary) working for long term social change in their communities. We do this through our Mary's Pence grants program in the United States and through our ESPERA program in Mexico and Central America.

Programs

The Organization's programs are as follows:

Mary's Pence Grants

Mary's Pence funds women's organizations in the United States that are working with their local community to create long-term systemic change. The organizations we fund are all small, with budgets under \$200,000. Yet they collaborate with diverse populations, advocate to change unjust policies, and educate to build skills and increase capacity. Our grants act as seed money for organizations that are newly created and as support for organizations that have been working on the grassroots level for years. In addition to providing financial support, Mary's Pence connects our grantees with other like-minded organizations and helpful resources.

ESPERA Program

The ESPERA program partners with women's organizations in Central America and Mexico on economic autonomy and empowerment. A key part of this work is economic security through development of small economic enterprises. We provide funding for local owned lending pools, training on business skills, and coaching of small businesses. We work with existing local women's organizations and partner with them on strengthening their local organizations. This past year we provided a year-long weekly leadership and organization effectiveness program delivered online with weekly discussions to 21 women in 5 countries. Emotional wellness has been a recent focus and we have sponsored local group workshops as well as online emotional wellness tools. Overall, the ESPERAS program partners with 11 groups in 5 countries with over \$145,000 in circulation in the local lending pools. Over 1,200 women have benefited from loans over time.

MARY'S PENCE
Notes to the Financial Statements
June 30, 2021
With Comparative Totals for 2020

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

Programs, (continued)

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.

Adoption of New Accounting Standards

The Organization has adopted Accounting Standards Update (ASU) No. 2014-09 - *Revenue from Contracts with Customers (Topic 606)*. Management believes this standard improves the usefulness and understandability of the Organization's financial reporting.

Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

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. At June 30, 2021 and 2020, this includes \$352,576 and \$363,507, respectively, 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 no net assets with donor restrictions as of June 30, 2021 and 2020.

MARY'S PENCE
Notes to the Financial Statements
June 30, 2021
With Comparative Totals for 2020

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

Revenue and Support

The Organization recognizes contributions when cash, securities, unconditional promises to give, or other assets are committed by the donor. Conditional contributions - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

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.

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, 2021 and 2020, the Organization had no uninsured cash balances.

Investments

Investments are recorded at fair value with the exception of cash held in investments, which is recorded at cost. 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.

MARY'S PENCE
Notes to the Financial Statements
June 30, 2021
With Comparative Totals for 2020

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

Concentration of Revenue and Support

As of June 30, 2021, one donor accounted for approximately 13% of total revenue and support. There were no concentrations of revenue and support as of June 30, 2020.

Website

The website cost at June 30, 2021 and 2020 was \$19,900. Depreciation is provided, using the straight-line method, over its estimated useful life of three years. Accumulated depreciation at June 30, 2021 and 2020 was \$19,900 and \$19,348, respectively.

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.

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.

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.

MARY'S PENCE
Notes to the Financial Statements
June 30, 2021
With Comparative Totals for 2020

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

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, 2021 and 2020, there were no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

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.

Prior Year Summarized Information

The financial statements include certain prior year summarized information in total but not by net asset class nor 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, 2020, from which the summarized information was derived.

Subsequent Events

Management has evaluated subsequent events for potential recognition and disclosure through September 21, 2021, 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 six to nine months of operating expenses. The Organization also has significant Board designated net assets 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.

MARY'S PENCE
Notes to the Financial Statements
June 30, 2021
With Comparative Totals for 2020

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

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

	2021	2020
Cash and cash equivalents	\$ 145,441	147,811
Investments	<u>527,027</u>	<u>440,295</u>
Total financial assets	672,468	588,106
Less amounts not available to be used within one year:		
Board designated funds	(352,576)	(363,507)
Financial assets available within one year to meet cash needs for general expenditures	\$ <u>319,892</u>	<u>224,599</u>

(3) **INVESTMENTS**

Investments are comprised of the following at June 30:

	2021	2020
Cash	\$ 110,570	19,553
Fixed income mutual funds	141,120	141,717
Equity mutual funds	243,282	126,222
Corporate and government bonds	14,823	52,529
U.S. stocks	<u>17,232</u>	<u>100,274</u>
Total	\$ <u>527,027</u>	<u>440,295</u>

MARY'S PENCE
Notes to the Financial Statements
June 30, 2021
With Comparative Totals for 2020

(4) **FAIR VALUE MEASUREMENTS**

U.S. GAAP establishes a three-tier fair value hierarchy that prioritizes the inputs of 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 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, 2021</u>				
Fixed income mutual fund	\$ 141,120	-	-	\$ 141,120
Equity mutual funds	243,282	-	-	243,282
Corporate and government bonds	-	14,823	-	14,823
U.S. stocks	<u>17,232</u>	<u>-</u>	<u>-</u>	<u>17,232</u>
	<u>\$ 401,634</u>	<u>14,823</u>	<u>-</u>	416,457
			Cash measured at cost	<u>110,570</u>
			Total investments	\$ <u>527,027</u>

MARY'S PENCE
Notes to the Financial Statements
June 30, 2021
With Comparative Totals for 2020

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

	Level 1	Level 2	Level 3	Total
<u>June 30, 2020</u>				
Fixed income mutual fund	\$ 141,717	-	-	\$ 141,717
Equity mutual funds	126,222	-	-	126,222
Corporate and government bonds	-	52,529	-	52,529
U.S. stocks	<u>100,274</u>	<u>-</u>	<u>-</u>	<u>100,274</u>
	<u>\$ 368,213</u>	<u>52,529</u>	<u>-</u>	420,742
			Cash measured at cost	<u>19,553</u>
			Total investments	<u>\$ 440,295</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 2021 and 2020, the Organization contributed \$5,182 and \$5,029, respectively, to the plan.

(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, 2025. Per the terms of the note, the note may be extended beyond September 1, 2025 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) **PAYCHECK PROTECTION PROGRAM LOAN**

In April 2020, the Organization received loan proceeds in the amount of \$49,100 under the Paycheck Protection Program (PPP). Established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times their average monthly payroll expenses. PPP loans and accrued interest are forgivable after the elected eight or twenty-four week period as long as the borrower maintains its payroll levels and use the loan proceeds for eligible purposes. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two years at an interest rate of 1%. In December 2020, the Organization received forgiveness of the entire PPP loan and reflected the loan forgiveness as a contribution.

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Notes to the Financial Statements
June 30, 2021
With Comparative Totals for 2020

(8) **LEASES**

The Organization has an operating lease for office space. The lease expires on May 31, 2022. Rent expense for fiscal year 2021 and 2020 was \$26,359 and \$26,020, respectively.

The Organization has operating leases for office equipment which expire in fiscal year 2024. Rent expense on such equipment for fiscal years 2021 and 2020 was \$3,243.

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

2022	\$ 20,137
2023	540
2024	<u>270</u>
	<u>\$ 20,947</u>

(9) **NET ASSETS**

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, 2021 and 2020:

	2021	2020
Satisfaction of purpose restrictions:		
ESPERA funds	\$ 85,861	29,963
SSND Luncheon	-	500
Mary's Pence grants	<u>5,000</u>	<u>-</u>
Total net assets released from restrictions	<u>\$ 90,861</u>	<u>30,463</u>

(10) **COVID - 19**

The Covid-19 pandemic is having a broad and negative impact on commerce around the world. Throughout the onset and continuing developments of the pandemic, the Organization's staff have remained optimistic, resourceful and nimble. The extent of the impact of Covid-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreaks and its impacts on the Organization's donors, clients and employees. The future financial impact of Covid-19 on the Organization and duration of any economic factors or uncertainties cannot be reasonably estimated at this time.