

VOICE OF THE FAITHFUL, INC.

Financial Statements

May 31, 2015 and 2014

VOICE OF THE FAITHFUL, INC.

May 31, 2015 and 2014

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Independent Accountant's Review Report

The Board of Directors
Voice of the Faithful, Inc.
Needham Heights, Massachusetts

We have reviewed the accompanying financial statements of Voice of the Faithful, Inc. (a nonprofit organization), which comprise the statement of financial position as of May 31, 2015, and the related statements of activities and change in net assets, cash flows and functional expenses for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of 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'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 the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

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 accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The 2014 financial statements of Voice of the Faithful, Inc. were reviewed by other accountants whose report dated January 8, 2015 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 accordance with accounting principles generally accepted in the United States of America.

Edelstein & Company LLP

Boston, Massachusetts
February 17, 2016

VOICE OF THE FAITHFUL, INC.

Statements of Financial Position

May 31,

2015

2014

Assets:

Cash	\$ 45,547	\$ 39,154
Prepaid expenses and deposits	8,248	8,169
Intangible assets, net	1,803	2,188

Total assets

\$ 55,598	\$ 49,511
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Liabilities and net assets

Liabilities:

Accounts payable	\$ 41,898	\$ 11,761
Accrued expenses	10,980	16,528

Total liabilities

52,878	28,289
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Net assets:

Unrestricted	1,425	7,536
Temporarily restricted	1,295	13,686

Total net assets

2,720	21,222
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Total liabilities and net assets

\$ 55,598	\$ 49,511
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VOICE OF THE FAITHFUL, INC.

**Statements of Activities
For the Years Ended May 31,**

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues:						
Contributions	\$ 353,757	\$ -	\$ 353,757	\$ 381,268	\$ 745	\$ 382,013
Other	1,345	-	1,345	9,172	-	9,172
Interest income	28	-	28	29	-	29
Net assets released from restrictions	12,391	(12,391)	-	6,525	(6,525)	-
Total revenue	367,521	(12,391)	355,130	396,994	(5,780)	391,214
Expenses:						
Program services	189,466	-	189,466	205,086	-	205,086
Fundraising	117,097	-	117,097	118,793	-	118,793
Management and general	67,069	-	67,069	75,351	-	75,351
Total expenses	373,632	-	373,632	399,230	-	399,230
Change in net assets	(6,111)	(12,391)	(18,502)	(2,236)	(5,780)	(8,016)
Net assets, beginning of year	7,536	13,686	21,222	9,772	19,466	29,238
Net assets, end of year	\$ 1,425	\$ 1,295	\$ 2,720	\$ 7,536	\$ 13,686	\$ 21,222

See the accompanying notes and Independent Accountant's Review Report.

VOICE OF THE FAITHFUL, INC.

Statements of Cash Flows

For the Years Ended May 31,

2015

2014

Cash flows provided by (used in) operating activities:

Change in net asset	\$ (18,502)	\$ (8,016)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	385	2,957
Change in operating assets and liabilities		
Prepaid expenses and other current liabilities	(79)	(823)
Accounts payable	30,137	(9,818)
Accrued expenses and other current liabilities	(5,548)	(7,871)
Net cash provided by (used in) operating activities	6,393	(23,571)
Cash, beginning of year	39,154	62,725
Cash, end of year	\$ 45,547	\$ 39,154

VOICE OF THE FAITHFUL, INC.

**Statements of Functional Expenses
For the Years Ended May 31,**

	2015				2014			
	Program Services	Fundraising	Management and General	Total Expenses	Program Services	Fundraising	Management and General	Total Expenses
Salaries and contractor's fees	\$ 116,282	\$ 52,855	\$ 42,284	\$ 211,421	\$ 126,858	\$ 57,662	\$ 46,131	\$ 230,651
Technology and communications	12,594	5,725	4,580	22,899	13,496	6,135	4,908	24,539
Printing and mailings	-	35,068	-	35,068	-	27,910	-	27,910
Education and training	-	-	-	-	-	-	769	769
Occupancy	12,003	5,456	4,365	21,823	11,887	5,403	4,323	21,613
Postage and delivery	1,064	484	387	1,935	1,132	514	411	2,057
Conferences/meetings/events	19,955	-	-	19,955	23,712	-	-	23,712
Professional fees	-	-	7,060	7,060	-	-	8,947	8,947
Other expenses	2,256	1,026	7,059	10,341	7,285	1,039	6,111	14,435
Software consulting	-	-	-	-	4,153	1,888	1,510	7,551
Telecommunications	5,622	806	645	7,072	5,258	1,203	963	7,424
Marketing	11,176	-	-	11,176	3,626	-	-	3,626
Office expense	1,683	765	612	3,060	1,879	854	683	3,416
Depreciation	-	-	-	-	1,414	643	515	2,572
Amortization	212	96	77	385	209	96	80	385
Grants	6,620	-	-	6,620	3,710	-	-	3,710
Development and appeals	-	14,817	-	14,817	467	15,446	-	15,913
	<u>\$ 189,466</u>	<u>\$ 117,097</u>	<u>\$ 67,069</u>	<u>\$ 373,632</u>	<u>\$ 205,086</u>	<u>\$ 118,793</u>	<u>\$ 75,351</u>	<u>\$ 399,230</u>

See the accompanying notes and Independent Accountant's Review Report.

VOICE OF THE FAITHFUL, INC.

Notes to Financial Statements

1. Organization

Voice of the Faithful, Inc. (the "Organization") is a not-for-profit organization incorporated in Massachusetts in June 2002 and 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 Church reform oriented towards supporting survivors of clergy sexual abuse, supporting priests of integrity, and shaping structural change within the Catholic Church. The major sources of funding come from individual contributors sharing the concerns of the Organization.

2. Summary of Significant Accounting Policies

Basis of Presentation

In order to ensure the observance of limitations and restrictions placed on the use of resources available to the Organization, the Organization determines the classification of its net assets and its revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions.

The net assets of the Organization and its revenue and support are reported in three categories as follows:

- (1) Unrestricted resources are those available for support of the Organization's general operations.
- (2) Temporarily restricted resources are those restricted by donors for a specific purpose or the passage of time.
- (3) Permanently restricted net assets represent the fair value of the original gift subject to donor-imposed stipulations that they be maintained permanently by the Organization

The Organization did not have any permanently restricted net assets as of May 31, 2015 and 2014, and for the years then ended.

Cash

Cash is comprised of deposits held in checking and savings accounts with banks.

Equipment and Furniture

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, which are five years for equipment and seven years for furniture. Expenditures for maintenance, repairs, and renewals are charged to expense when incurred, whereas major additions in excess of \$500 are capitalized.

Intangible Assets

Intangible assets represent website and database development costs which are amortized using the straight-line method over three years. Costs associated with the purchase of a trademark have been capitalized and are amortized using the straight-line method over seventeen years.

VOICE OF THE FAITHFUL, INC.

Notes to Financial Statements

2. Significant Accounting Policies (continued)

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contributions that are classified as temporarily restricted are reclassified as unrestricted net asset upon satisfaction of the program restriction or expiration of the time restriction.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates and Subsequent Events

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

The Organization's management has evaluated the effect which subsequent events may have on these financial statements. Management's evaluation was completed on February 17, 2016, the date these financial statements became available to be issued. No events have occurred subsequent to the statement of financial position date and through the date of evaluation that meet the criteria required for disclosure or accrual.

Income Taxes

The Organization operates as a publicly supported tax-exempt organization pursuant to Section 501(c)(3) of the Internal Revenue Code and, accordingly, is exempt from federal income taxes on related income. The Organization is also exempt from Massachusetts income taxes under Massachusetts General Law Chapter 180. Returns for tax years beginning with those filed for the year ended May 31, 2012 are open to examination.

Reclassifications

Certain 2014 amounts have been reclassified to conform with the current year's financial statement presentation.

3. Equipment and Furniture

Equipment and furniture consisted of computer equipment in the amount of \$22,728 and office furniture in the amount of \$7,218, and were fully depreciated at May 31, 2015 and 2014.

VOICE OF THE FAITHFUL, INC.

Notes to Financial Statements

4. Intangible Assets

Intangible assets consisted of the following at May 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
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>(42,959)</u>	<u>(42,574)</u>
	<u>\$ 1,803</u>	<u>\$ 2,188</u>

The estimated aggregate amortization expense for each of the five succeeding years will be \$385.

5. Temporarily Restricted Net Assets

Temporarily restricted net assets at May 31, 2015 and 2014 were comprised of funds that are available for the following purposes:

	<u>2015</u>	<u>2014</u>
Universal Church Reform	\$ -	\$ 3,890
Website Maintenance	-	8,501
Chicago Voice of the Faithful	<u>1,295</u>	<u>1,295</u>
	<u>\$ 1,295</u>	<u>\$ 13,686</u>

Net assets released from restrictions during the years ended May 31, 2015 and 2014 were as follows:

	<u>2015</u>	<u>2014</u>
Universal Church Reform	\$ 3,890	\$ 1,110
Website Maintenance	8,501	5,000
Web Advertising	<u>-</u>	<u>415</u>
	<u>\$ 12,391</u>	<u>\$ 6,525</u>

6. Leases

The Organization occupies office space under a lease agreement which expires on May 31, 2016. Future minimum rental payments required under the lease as of the year ending May 31, 2016 are \$19,800. Rent expenses for the years ended May 31, 2015 and 2014 were \$19,800.