

VOICE OF THE FAITHFUL, INC.

FINANCIAL STATEMENTS AND ACCOMPANYING
INFORMATION FOR THE YEARS ENDED
MAY 31, 2010 AND 2009

(With Accountant's Review Report Thereon)



TABLE OF CONTENTS

	<u>Page</u>
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	5-9
ACCOMPANYING INFORMATION:	
Schedule of Functional Expenses for the Year Ended May 31, 2010	11



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, 2010 and 2009, and the related statements of activities and cash flows for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Voice of the Faithful, Inc.

A review consists principally of inquiries of Organization personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

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 generally accepted accounting principles.

Our reviews were made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with generally accepted accounting principles. The information included in the accompanying schedule for the year ended May 31, 2010 included on page 11 is presented only for supplementary analysis purposes. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made thereto.

Certified Public Accountants, Inc.

September 15, 2010

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VOICE OF THE FAITHFUL, INC.

STATEMENTS OF FINANCIAL POSITION

	<u>May 31</u>	
	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 211,722	\$ 15,539
Investments, at fair value	846	32
Unconditional promises to give	2,715	7,143
Prepaid expenses and other current assets	10,406	15,166
Total current assets	<u>225,689</u>	<u>37,880</u>
Equipment, net	8,275	12,052
Intangible assets, net	3,728	4,113
Total assets	<u>\$ 237,692</u>	<u>\$ 54,045</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 5,523	\$ 6,148
Accrued expenses and other current liabilities	22,724	23,776
Total current liabilities	<u>28,247</u>	<u>29,924</u>
Net assets:		
Unrestricted	141,423	17,655
Temporarily restricted	68,022	6,466
Total net assets	<u>209,445</u>	<u>24,121</u>
Total liabilities and net assets	<u>\$ 237,692</u>	<u>\$ 54,045</u>

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

VOICE OF THE FAITHFUL, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED MAY 31, 2010 AND 2009

	2010			2009		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE:						
Contributions	\$ 488,485	\$ 82,216	\$ 570,701	\$ 432,488	\$ 6,166	\$ 438,654
Donated services	8,480	-	8,480	6,742	-	6,742
Other	4,809	-	4,809	1,848	-	1,848
Interest income	244	-	244	359	-	359
Net realized and unrealized gain (loss) on investments	59	-	59	(962)	-	(962)
Net assets released from restrictions	20,660	(20,660)	-	8,639	(8,639)	-
Total revenue	<u>522,737</u>	<u>61,556</u>	<u>584,293</u>	<u>449,114</u>	<u>(2,473)</u>	<u>446,641</u>
EXPENSES:						
Program services	194,628	-	194,628	235,743	-	235,743
Fundraising	91,028	-	91,028	132,220	-	132,220
Management and general	113,313	-	113,313	130,325	-	130,325
Total expenses	<u>398,969</u>	<u>-</u>	<u>398,969</u>	<u>498,288</u>	<u>-</u>	<u>498,288</u>
CHANGE IN NET ASSETS	123,768	61,556	185,324	(49,174)	(2,473)	(51,647)
NET ASSETS, beginning of year	17,655	6,466	24,121	66,829	8,939	75,768
NET ASSETS, end of year	<u>\$ 141,423</u>	<u>\$ 68,022</u>	<u>\$ 209,445</u>	<u>\$ 17,655</u>	<u>\$ 6,466</u>	<u>\$ 24,121</u>

See 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>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 185,324	\$ (51,647)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	4,162	4,384
Donations of investment securities	(2,348)	(1,015)
Net realized and unrealized (gain) loss on investments	(59)	962
Reinvested interest income	(6)	-
Decrease in assets:		
Unconditional promises to give	4,428	2,143
Prepaid expenses and other current assets	4,760	3,589
Decrease in liabilities:		
Accounts payable	(625)	(5,849)
Accrued expenses and other current liabilities	(1,052)	(1,029)
Total adjustments	<u>9,260</u>	<u>3,185</u>
Net cash provided (used) by operating activities	<u>194,584</u>	<u>(48,462)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from the sales of investments	1,599	2,388
Purchases of equipment	-	(4,483)
Net cash provided (used) by investing activities	<u>1,599</u>	<u>(2,095)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	196,183	(50,557)
CASH AND CASH EQUIVALENTS, beginning of year	<u>15,539</u>	<u>66,096</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 211,722</u>	<u>\$ 15,539</u>
SUPPLEMENTAL DISCLOSURE:		
Donations of investment securities	<u>\$ 2,348</u>	<u>\$ 1,015</u>

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



VOICE OF THE FAITHFUL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MAY 31, 2010 AND 2009

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 Organization prepares its financial statements in accordance with generally accepted accounting principles. This basis of accounting involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of presentation:

Financial statement presentation follows the recommendations of the FASB ASC 958-205, "Financial Statements of Not-for-Profit Organizations". Under ASC 958-205, 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. The Organization has no permanently restricted net assets.

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.

Statements of cash flows:

The Organization considers money market mutual funds to be cash equivalents for the purposes of the statements of cash flows.

Investments:

Investments are stated at fair value. Net realized and unrealized gains and losses are reflected in the accompanying statements of activities. Investment income is accrued as earned.

VOICE OF THE FAITHFUL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MAY 31, 2010 AND 2009

(continued)

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

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. All unconditional promises to give are considered to be current as of May 31, 2010.

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.

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.

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 market 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.

VOICE OF THE FAITHFUL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MAY 31, 2010 AND 2009

(continued)

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

Income taxes:

The Organization has been determined to be a tax-exempt, not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code (the Code) whereby only unrelated business income, as defined by Section 512(a)(1) of the code, is subject to federal income tax.

The Organization recognizes and measures its unrecognized tax positions in accordance with FASB ASC 740-10, 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 adopted the provisions of this standard on June 1, 2009 and did not identify any uncertain tax positions. Interest and penalties associated with unrecognized income taxes are classified as additional income taxes in the statement of activities.

Recent Accounting Pronouncements:

Effective June 1, 2009, the Organization adopted new accounting guidance related to U.S. GAAP (FASB ASC 105, Generally Accepted Accounting Principles). This guidance establishes FASB ASC as the source of authoritative U.S. GAAP recognized by FASB to be applied by nongovernmental entities. FASB ASC supersedes all existing non-SEC accounting and reporting standards. All other grandfathered, non-SEC accounting literature not included in FASB ASC has become nonauthoritative. FASB will no longer issue new standards in the form of statements, FASB Staff Positions or Emerging Issues Task Force Abstracts. Instead, it will issue Accounting Standards Updates (ASUs), which will serve to update FASB ASC, provide background information about the guidance and provide the basis for conclusions on the changes to FASB ASC. FASB ASC is not intended to change U.S. GAAP. This guidance is effective for the Organization as of May 31, 2010.

Subsequent Events:

Subsequent events have been evaluated through September 15, 2010, which is the date the financial statements were available to be issued.

VOICE OF THE FAITHFUL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MAY 31, 2010 AND 2009

(continued)

C. Investments:

Investments amounting to \$846 and \$32 are carried at fair value and consisted of money market funds at May 31, 2010 and 2009, respectively.

D. Equipment:

Equipment consisted of the following at May 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Computers and software	\$ 21,589	\$ 55,208
Furniture, fixtures and equipment	7,218	7,518
	<u>28,807</u>	<u>62,726</u>
Less: Accumulated depreciation	<u>(20,532)</u>	<u>(50,674)</u>
	<u>\$ 8,275</u>	<u>\$ 12,052</u>

E. Intangible Assets:

Intangible assets consisted of the following at May 31, 2010 and 2009:

	<u>2010</u>	<u>2009</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>(41,034)</u>	<u>(40,649)</u>
	<u>\$ 3,728</u>	<u>\$ 4,113</u>

F. Donated Services:

During the year ended May 31, 2010, the Organization received donations of \$6,744 of travel expenses from trustees and other affiliated individuals that attended its various meetings and \$1,527 for unreimbursed donation for expenses for officer and \$209 donated services from a contractor. During the year ended May 31, 2009, the Organization received donations of \$6,742 of travel expenses from trustees and other affiliated individuals that attended its various meetings. Total donated services, valued at \$8,480 and \$6,742, are reported as donated services and program services expenses in the accompanying financial statements for the years ended May 31, 2010 and 2009, respectively.

VOICE OF THE FAITHFUL, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED MAY 31, 2010 AND 2009

(continued)

G. Restrictions on Net Assets:

Temporarily restricted net assets at May 31, 2010 and 2009, are available for the following purposes:

	<u>2010</u>	<u>2009</u>
E&R Women's Fund	\$ 67,500	\$ -
Survivor Support Working Group	300	300
Local Action	120	-
Universal Church Reform	60	-
Bishops' Mailing	42	-
American Catholic Council	-	5,966
Support Priests of Integrity	-	200
	<u>\$ 68,022</u>	<u>\$ 6,466</u>

H. Functional Allocation of Expenses:

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.

ACCOMPANYING INFORMATION

VOICE OF THE FAITHFUL, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED MAY 31, 2010

	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total Expenses</u>
Salaries and contractors fees	\$ 123,218	\$ 51,362	\$ 75,331	\$ 249,911
Mail services	9,964	20,231	-	30,195
Occupancy	10,686	4,454	6,533	21,673
Other expenses	2,229	929	11,165	14,323
Postage and delivery	4,973	8,436	630	14,039
Conferences/meetings/events	8,715	172	3,882	12,769
Program expenses	11,321	-	-	11,321
Marketing	10,561	-	-	10,561
Professional fees	-	-	8,750	8,750
Software consulting	2,747	2,747	2,748	8,242
Telecommunications	4,800	1,127	1,652	7,579
Office expense	2,396	715	1,367	4,478
Depreciation	1,862	776	1,139	3,777
Printing and publications	676	-	-	676
Amortization	190	79	116	385
Charitable contributions	200	-	-	200
Communications	90	-	-	90
	<u>\$ 194,628</u>	<u>\$ 91,028</u>	<u>\$ 113,313</u>	<u>\$ 398,969</u>

See accountant's review report.

