MARY'S PENCE

Financial Statements

June 30, 2013

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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, 2013 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, 2013 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. The prior year summarized comparative information has been derived from Mary's Pence's fiscal 2012 financial statements and, in our report dated December 12, 2012 we expressed an unmodified opinion on those financial statements.

October 10, 2013

Ryan J. Terry, Ltd.

MARY'S PENCE
Statements of Financial Position
June 30, 2013 and 2012

ASSETS

		2013	2012
Current Assets			
Cash	$	112,589	55,521
Accounts receivable		-	240
Refunds		-	1,469
Prepaid expense		4,751	2,324
Total Current Assets		117,340	59,554
Software, net		5,030	8,048
Investments		172,668	135,899
Security deposit		600	600
Total Assets	$	295,638	204,101

LIABILITIES AND NET ASSETS

Current Liabilities			
Accounts Payable	$	4,012	8,358
Promissory Note		20,000	20,000
Total Liabilities		24,012	28,358
Net Assets			
Unrestricted		271,376	175,743
Temporarily Restricted		250	-
Total Net Assets		271,626	175,743
Total Liabilities and Net Assets	$	295,638	204,101

See accompanying notes to financial statements.

MARY'S PENCE
Statement of Activities
For the Year Ended June 30, 2013
With Comparative Totals for 2012

REVENUE AND SUPPORT	Unrestricted	Temporarily Restricted	Total 2013	Total 2012
Contributions	$ 371,359	52,370	423,729	313,025
25th Anniversary	-	-	-	4,566
Investment income, net	8,670	-	8,670	7,139
Total Revenue and Support	380,029	52,370	432,399	324,730
NET ASSETS RELEASED FROM RESTRICTIONS:				
Restrictions Satisfied by Expenditures	52,120	(52,120)	-	-
EXPENSES				
Program	259,517	-	259,517	251,764
Support services:				
Management and general	20,014	-	20,014	15,224
Fundraising	56,985	-	56,985	43,688
Total Expenses	336,516	-	336,516	310,676
CHANGE IN NET ASSETS	95,633	250	95,883	14,054
NET ASSETS - BEGINNING OF YEAR	175,743	-	175,743	161,689
NET ASSETS - END OF YEAR	$ 271,376	250	271,626	175,743

See accompanying notes to financial statements.

MARY'S PENCE

Statement of Functional Expenses

For the Year Ended June 30, 2013

With Comparative Totals for 2012

	Program	Management and General	Fundraising	Total 2013	Total 2012
Salaries	$ 66,970	7,558	34,087	108,615	92,172
Payroll taxes	5,531	624	2,812	8,967	10,136
Employee benefits	8,936	276	3,057	12,269	11,158
Grants	69,166	-	-	69,166	68,737
Public education and outreach	11,621	-	-	11,621	8,713
Marketing	-	-	3,942	3,942	2,198
25th Aniversary	-	-	-	-	14,096
Occupancy	5,856	360	984	7,200	7,103
Postage	5,441	227	2,093	7,761	4,932
Supplies	6,701	351	1,134	8,186	6,123
Telephone	2,600	114	346	3,060	3,309
Insurance	1,730	105	266	2,101	864
Professional fees	45,348	6,267	2,002	53,617	46,582
Travel	15,624	113	869	16,606	12,350
Board meetings and travel	7,115	331	926	8,372	7,082
Bank and credit card fees	-	2,271	-	2,271	1,678
Equipment rental	4,666	288	806	5,760	5,762
Dues and subscriptions	925	8	99	1,032	1,908
Amortization	1,006	1,006	1,006	3,018	1,006
Loss on disposal of furniture and equipment	-	-	-	-	791
Licenses and fees	-	40	2,556	2,596	2,265
Miscellaneous	281	75	-	356	1,711
Total Expenses	$ 259,517	20,014	56,985	336,516	310,676

See accompanying notes to financial statements.

MARY'S PENCE

Statements of Cash Flows

For the Years Ended June 30, 2013 and 2012

	2013	2012
CASH FLOWS PROVIDED BY (USED FOR) OPERATING ACTIVITIES:		
Change in net assets	$ 95,883	14,054
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Amortization	3,018	1,006
Loss on disposal of furniture and equipment	-	791
Net realized and unrealized gains on investments	(6,462)	(5,678)
(Increase) decrease in accounts receivable	240	(240)
(Increase) decrease in refunds	1,469	(1,469)
Increase in prepaid expense	(2,427)	(2,257)
Decrease in security deposit	-	116
Increase (decrease) in accounts payable	(4,346)	4,401
Net cash provided by operating activities	87,375	10,724
CASH FLOWS USED FOR INVESTING ACTIVITIES:		
Purchase of software	-	(4,527)
Sales of investments	36,196	85,121
Purchase of investments	(66,503)	(59,216)
Net cash provided by (used for) investing activities	(30,307)	21,378
INCREASE IN CASH	57,068	32,102
CASH - BEGINNING OF YEAR	55,521	23,419
CASH - END OF YEAR	$ 112,589	55,521

Supplemental Disclosures of Cash Flow Information

Cash is defined as cash in checking and savings.

See accompanying notes to financial statements.

MARY'S PENCE
Notes to the Financial Statements
June 30, 2013
With Comparative Totals for 2012

(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:

Ministry 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 these things 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, 2013, temporarily restricted net assets are restricted for the ESPERA program.

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

Basis of Presentation, (continued)

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.

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.

Accounts Receivable

Accounts receivable for 2012 consist of amounts owed to the Organization for jewelry sales. Management performs periodic reviews of the receivables for past due amounts, determines the collectability of these amounts, and establishes allowances accordingly. The Organization did not have any doubtful accounts as of June 30, 2012.

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.

Refunds

Refunds are comprised of amounts the Organization overpaid for payroll taxes.

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

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.

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, 2013 and 2012, 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 2010.

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, 2013 and 2012, the Organization had no uninsured cash balances.

Concentrations of Credit Risk Due to Accounts Receivable

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of accounts receivable. Accounts receivable consist primarily of amounts due from individuals for jewelry sales. Management believes the concentrations of credit risk with respect to accounts receivable are limited due to the nature and dollar amounts of the accounts receivable.

MARY'S PENCE
Notes to the Financial Statements, Page Five
June 30, 2013
With Comparative Totals for 2012

(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.

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.

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, 2013 and 2012:

	2013	2012
Money Market	$ 17,313	9,130
Real Estate Investment Trust	4,667	3,970
Corporate and Government Bonds	91,780	71,610
U.S. Stocks	58,908	51,189
Total	$ 172,668	135,899

Investment income, net consisted of the following for fiscal 2013 and 2012:

	2013	2012
Interest and dividends	$ 3,231	2,717
Unrealized gains, net	1,530	7,739
Realized gains (losses), net	4,932	(2,061)
Investment management fees	(1,023)	(1,256)
Total	$ 8,670	7,139

(2) **INVESTMENTS, (continued)**

Investments are uninsured. 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, 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	-

(3) FAIR VALUE MEASUREMENTS, (continued)

	Fair Value	Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2012				
Money Market	$ 9,130	9,130	-	-
Real Estate Investment Trust	3,970	3,970	-	-
Corporate and Government Bonds	71,610	-	71,610	-
U.S. Stocks	51,189	51,189	-	-
	$ 135,899	64,289	71,610	-

(4) SOFTWARE

Software, net consists of the following as of June 30, 2013 and 2012:

	2013	2012
Software	$ 9,054	9,054
Less Accumulated Amortization	(4,024)	(1,006)
Total	$ 5,030	8,048

(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 2013 and 2012, the Organization contributed $2,973 and $2,456, respectively, to the plan.

(6) LEASES

The Organization has an operating lease for office space and is charged monthly rent. The lease expires on June 30, 2014. Rent expense for fiscal year 2013 and 2012 was $7,200 and $7,103, respectively.

The Organization has operating leases for office equipment which expire in fiscal 2016. Rent expense on such equipment for fiscal year 2013 and 2012 was $6,034.

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

2014	$ 13,450
2015	4,792
2016	4,378
	$ 22,620

(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.