MARY'S PENCE

Financial Statements

June 30, 2012

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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 statement of financial position of Mary's Pence (Organization) as of June 30, 2012 and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2012, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Ryan J. Terry, Ltd.

December 12, 2012
Oakdale, MN

MARY'S PENCE
Statement of Financial Position
June 30, 2012

ASSETS

Current Assets		
Cash	$	55,521
Accounts receivable		240
Refunds		1,469
Prepaid expense		2,324
Total Current Assets		59,554
Software, net		8,048
Investments		135,899
Security deposit		600
Total Assets	$	204,101

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	$	8,358
Promissory Note		20,000
Total Liabilities		28,358
Net Assets		
Unrestricted		175,743
Total Liabilities and Net Assets	$	204,101

See accompanying notes to financial statements.

MARY'S PENCE
Statement of Activities
For the Year Ended June 30, 2012

		Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT				
Contributions	$	284,225	28,800	313,025
25th Anniversary		4,566	-	4,566
Investment income, net		7,139	-	7,139
Total Revenue and Support		295,930	28,800	324,730
NET ASSETS RELEASED FROM RESTRICTIONS:				
Restrictions Satisfied by Expenditures		29,954	(29,954)	-
EXPENSES				
Program		251,764	-	251,764
Support services:				
Management and general		15,224	-	15,224
Fundraising		43,688	-	43,688
Total Expenses		310,676	-	310,676
CHANGE IN NET ASSETS		15,208	(1,154)	14,054
NET ASSETS - BEGINNING OF YEAR		160,535	1,154	161,689
NET ASSETS - END OF YEAR	$	175,743	-	175,743

See accompanying notes to financial statements.

MARY'S PENCE

Statement of Functional Expenses

For the Year Ended June 30, 2012

	Program	Management and General	Fundraising	Total
Salaries	$ 63,497	6,224	22,451	92,172
Payroll taxes	6,869	694	2,573	10,136
Employee benefits	8,806	279	2,073	11,158
Grants	68,737	-	-	68,737
Public education and outreach	8,713	-	-	8,713
Marketing	-	-	2,198	2,198
25th Aniversary	8,932	-	5,164	14,096
Occupancy	6,038	355	710	7,103
Postage	4,267	162	503	4,932
Supplies	5,192	254	677	6,123
Telephone	2,880	132	297	3,309
Insurance	734	44	86	864
Professional fees	42,582	2,369	1,631	46,582
Travel	11,421	46	883	12,350
Board meetings and travel	6,102	327	653	7,082
Bank and credit card fees	217	971	490	1,678
Equipment rental	4,202	288	1,272	5,762
Dues and subscriptions	1,874	11	23	1,908
Amortization	335	335	336	1,006
Loss on disposal of furniture and equipment	-	791	-	791
Licenses and fees	81	642	1,542	2,265
Miscellaneous	285	1,300	126	1,711
Total Expenses	$ 251,764	15,224	43,688	310,676

See accompanying notes to financial statements.

MARY'S PENCE
Statement of Cash Flows
For the Year Ended June 30, 2012

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

<u>Supplemental Disclosures of Cash Flow Information</u>

Cash is defined as cash in checking and savings.

See accompanying notes to financial statements.

(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, 25th anniversary 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. There are no temporarily restricted net assets at June 30, 2012.

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.

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

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 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.

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.

(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, 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 2009.

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

The Organization maintains checking and savings accounts at three financial institutions. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to $250,000 for interest bearing accounts and have unlimited insurance for non-interest bearing accounts. The unlimited insurance for non-interest bearing accounts expires December 31, 2012. At June 30, 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.

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.

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

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, 2012:

Money Market	$ 9,130
Real Estate Investment Trust	3,970
Corporate and Government Bonds	71,610
U.S. Stocks	51,189
Total	$ 135,899

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

Interest and dividends	$ 2,717
Unrealized gains, net	7,739
Realized losses, net	(2,061)
Investment management fees	(1,256)
Total	$ 7,139

Investments are uninsured. The investments are subject to market and trading fluctuations. Management believes there are no significant concentrations of credit risk.

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June 30, 2012

(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 values of assets measured on a recurring basis at June 30, 2012 are as follows:

		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)
Money Market	$ 9,130	9,130	-	-
Real Estate Investment Trust	3,970	3,970	-	-
Corporate and Government Bonds	71,610	-	71,610	-
U.S. Securities	51,189	51,189	-	-
	$ 135,899	64,289	71,610	-

(4) SOFTWARE

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

Software	$ 9,054
Less Accumulated Amortization	(1,006)
Total	$ 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 2012, the Organization contributed $2,456 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 2012 was $7,103

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

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

2013	$ 13,234
2014	13,450
2015	4,792
2016	4,378
	$ 35,854

(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, 2013. Per the terms of the note, the note may be extended beyond September 1, 2013 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.