

MARY'S PENCE

Financial Statements

June 30, 2016



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, 2016 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, 2016 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 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 23, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

September 30, 2016

Akins Henke and Company

MARY'S PENCE
 Statements of Financial Position
 June 30, 2016 and 2015

ASSETS

	2016	2015
Current Assets		
Cash	\$ 249,464	301,948
Promise to Give	-	7,000
Prepaid Expense	8,982	12,517
Total Current Assets	258,446	321,465
Investments	368,419	233,766
Security Deposit	600	600
Total Assets	\$ 627,465	555,831

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	\$ 20,032	9,260
Accrued Compensation	4,866	2,862
Total Current Liabilities	24,898	12,122
Promissory Note	20,000	20,000
Total Liabilities	44,898	32,122
Net Assets		
Unrestricted:		
Undesignated	163,574	68,651
Designated	418,993	448,058
Total Unrestricted Net Assets	582,567	516,709
Temporarily Restricted	-	7,000
Total Net Assets	582,567	523,709
Total Liabilities and Net Assets	\$ 627,465	555,831

See accompanying notes to the financial statements.

MARY'S PENCE
Statement of Activities
For the Year Ended June 30, 2016
With Comparative Totals for 2015

REVENUE AND SUPPORT	Unrestricted	Temporarily Restricted	Total 2016	Total 2015
Contributions	\$ 455,702	24,150	479,852	472,770
Estate contributions	25,901	-	25,901	57,180
Investment income, net	18,353	-	18,353	2,867
Total Revenue and Support	<u>499,956</u>	<u>24,150</u>	<u>524,106</u>	<u>532,817</u>
NET ASSETS RELEASED FROM RESTRICTIONS:				
Restrictions Satisfied by Expenditures	<u>31,150</u>	<u>(31,150)</u>	<u>-</u>	<u>-</u>
EXPENSES				
Program	373,552	-	373,552	309,081
Support services:				
Management and general	24,135	-	24,135	19,726
Fundraising	67,561	-	67,561	63,195
Total Expenses	<u>465,248</u>	<u>-</u>	<u>465,248</u>	<u>392,002</u>
CHANGE IN NET ASSETS	65,858	(7,000)	58,858	140,815
NET ASSETS - BEGINNING OF YEAR	<u>516,709</u>	<u>7,000</u>	<u>523,709</u>	<u>382,894</u>
NET ASSETS - END OF YEAR	<u>\$ 582,567</u>	<u>-</u>	<u>582,567</u>	<u>523,709</u>

See accompanying notes to the financial statements.

MARY'S PENCE
Statement of Functional Expenses
For the Year Ended June 30, 2016
With Comparative Totals for 2015

	Program	Management and General	Fundraising	Total 2016	Total 2015
Salaries	\$ 72,792	10,143	31,366	114,301	118,892
Payroll taxes	5,507	768	2,373	8,648	8,885
Employee benefits	10,865	854	4,824	16,543	16,578
Grants	94,653	-	-	94,653	83,719
Public education and outreach	18,942	-	-	18,942	13,917
Marketing	-	-	7,822	7,822	6,042
Occupancy	8,658	568	1,768	10,994	10,496
Postage	7,138	200	2,990	10,328	8,970
Supplies	6,774	261	1,667	8,702	9,041
Telephone	2,414	127	397	2,938	2,939
Insurance	2,409	152	488	3,049	3,487
Professional fees	98,303	6,824	3,772	108,899	66,018
Travel	29,200	10	2,190	31,400	21,570
Board meetings and travel	9,701	501	1,985	12,187	7,753
Bank and credit card fees	-	3,225	-	3,225	2,886
Equipment rental	4,994	386	910	6,290	6,621
Dues and subscriptions	582	13	235	830	1,929
Licenses and fees	-	78	4,631	4,709	1,872
Miscellaneous	620	25	143	788	387
Total Expenses	\$ 373,552	24,135	67,561	465,248	392,002

See accompanying notes to the financial statements.

MARY'S PENCE
 Statements of Cash Flows
 For the Years Ended June 30, 2016 and 2015

CASH FLOWS PROVIDED BY (USED FOR)	<u>2016</u>	<u>2015</u>
OPERATING ACTIVITIES:		
Change in net assets	\$ 58,858	140,815
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Net realized and unrealized gains on investments	(8,130)	(440)
Decrease in promise to give	7,000	1,000
(Increase) decrease in prepaid expense	3,535	(2,051)
Increase in accounts payable	10,772	6,291
Increase in accrued compensation	2,004	2,862
Decrease in grants payable	-	(6,000)
Net cash provided by operating activities	<u>74,039</u>	<u>142,477</u>
CASH FLOWS USED FOR INVESTING ACTIVITIES:		
Sales of investments	7,372	19,055
Purchase of investments	<u>(133,895)</u>	<u>(40,193)</u>
Net cash used for investing activities	<u>(126,523)</u>	<u>(21,138)</u>
INCREASE (DECREASE) IN CASH	(52,484)	121,339
CASH - BEGINNING OF YEAR	<u>301,948</u>	<u>180,609</u>
CASH - END OF YEAR	<u>\$ 249,464</u>	<u>301,948</u>

Supplemental Disclosures of Cash Flow Information

Cash is defined as cash in checking and savings.

See accompanying notes to the financial statements.

MARY'S PENCE
Notes to the Financial Statements
June 30, 2016
With Comparative Totals for 2015

(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:

Mary's Pence Grants

Mary's Pence gives grants to projects that increase the economic security of women and increase women's voices 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 \$200,000. Grantees in the United States and Canada 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.

All ESPERA Funds have the following in common:

- A women'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.

MARY'S PENCE
Notes to the Financial Statements
June 30, 2016
With Comparative Totals for 2015

(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 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). 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- Those resources over which the Board of Directors has discretionary control. Designated amounts represent those revenues which the Board has set aside for a particular purpose. At June 30, 2016, the Board of Directors designated \$20,012 unrestricted net assets for the ESPERA program and \$398,981 for the operating reserve. At June 30, 2015, the Board of Directors designated \$54,597 unrestricted net assets for the ESPERA program and \$393,461 for the operating reserve. The goal of the Organization is to reserve six to nine months of operating expenses in the operating reserve. When the Organization receives unrestricted estate gifts, it is the policy of the Organization to designate those gifts for a particular purpose.

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, 2016, there were no temporarily restricted net assets. At June 30, 2015, temporarily restricted net assets were restricted for the ESPERA program.

MARY'S PENCE
Notes to the Financial Statements
June 30, 2016
With Comparative Totals for 2015

(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.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets or as decreases of liabilities or expenses, depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Concentration of Contributions and Promises to Give

As of June 30, 2016 and 2015, one donor accounted for approximately 19% and 11%, respectively, of contributions. As of June 30, 2015, one donor accounted for 100% of promises to give.

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.

MARY'S PENCE
Notes to the Financial Statements
June 30, 2016
With Comparative Totals for 2015

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

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, 2016 and 2015, there were no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

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, 2016, the Organization had no uninsured cash balances. At June 30, 2015, the Organization had uninsured cash balances of approximately \$51,400.

Concentrations of Credit Risk Due to Promises to Give

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of promises to give. Management believes concentrations of credit risk with respect to promises to give are limited due to the nature of the promises to give. Promises to give predominantly consist of amounts owed by institutions. As of June 30, 2016 and 2015, management believes the Organization had no significant concentrations of credit risk.

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.

MARY'S PENCE
Notes to the Financial Statements
June 30, 2016
With Comparative Totals for 2015

(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.

Prior Year Summarized Information

The financial statements include certain prior year summarized information in total but not by net asset class. 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, 2015, from which the summarized information was derived.

Subsequent Events

Management has evaluated subsequent events for potential recognition and disclosure through September 30, 2016, 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:

	<u>2016</u>	<u>2015</u>
Money Market	\$ 30,386	26,673
Fixed Income Mutual Funds	122,161	20,881
Equity Mutual Funds	22,478	-
Real Estate Investment Trust	4,763	4,057
Corporate and Government Bonds	114,291	114,167
U.S. Stocks	<u>74,340</u>	<u>67,988</u>
Total	\$ <u>368,419</u>	<u>233,766</u>

MARY'S PENCE
Notes to the Financial Statements
June 30, 2016
With Comparative Totals for 2015

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

Investment income, net consisted of the following for fiscal 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 11,561	3,693
Unrealized gains (losses), net	7,918	(5,705)
Realized gains, net	212	6,145
Investment management fees	<u>(1,338)</u>	<u>(1,266)</u>
Total	\$ <u>18,353</u>	<u>2,867</u>

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.

MARY'S PENCE
Notes to the Financial Statements
June 30, 2016
With Comparative Totals for 2015

(3) **FAIR VALUE MEASUREMENTS, (continued)**

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>June 30, 2016</u>				
Money Market	\$ 30,386	30,386	-	-
Fixed Income Mutual Funds	122,161	122,161	-	-
Equity Mutual Funds	22,478	22,478	-	-
Real Estate Investment Trust	4,763	4,763	-	-
Corporate and Government				
Bonds	114,291	-	114,291	-
U.S. Stocks	<u>74,340</u>	<u>74,340</u>	<u>-</u>	<u>-</u>
	<u>\$ 368,419</u>	<u>254,128</u>	<u>114,291</u>	<u>-</u>
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>June 30, 2015</u>				
Money Market	\$ 26,673	26,673	-	-
Fixed Income Mutual Fund	20,881	20,881	-	-
Real Estate Investment Trust	4,057	4,057	-	-
Corporate and Government				
Bonds	114,167	-	114,167	-
U.S. Stocks	<u>67,988</u>	<u>67,988</u>	<u>-</u>	<u>-</u>
	<u>\$ 233,766</u>	<u>119,599</u>	<u>114,167</u>	<u>-</u>

(4) **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 2016 and 2015, the Organization contributed \$3,373 and \$3,452, respectively, to the plan.

MARY'S PENCE
Notes to the Financial Statements
June 30, 2016
With Comparative Totals for 2015

(5) **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, 2020. Per the terms of the note, the note may be extended beyond September 1, 2020 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.

(6) **LEASES**

The Organization has an operating lease for office space and is charged monthly rent. The lease expires on August 31, 2017. Rent expense for fiscal year 2016 and 2015 was \$10,994 and \$10,496, respectively.

The Organization has operating leases for office equipment which expire in fiscal 2022. Rent expense on such equipment for fiscal year 2016 and 2015 was \$6,022.

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

2017	\$ 13,769
2018	3,088
2019	1,259
2020	1,259
2021	1,259
2022	<u>1,259</u>
	\$ <u>21,893</u>