

MIRIAM'S PROMISE
FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(WITH INDEPENDENT AUDITORS' REPORT)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Miriam's Promise

Opinion

We have audited the accompanying financial statements of Miriam's Promise (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Miriam's Promise as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Miriam's Promise and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Miriam's Promise's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Miriam's Promise's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Miriam's Promise's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Murfreesboro, Tennessee
June 8, 2022

STATEMENTS OF FINANCIAL POSITION

December 31, 2021 and 2020

	2021	2020
ASSETS		
Cash	\$ 179,379	\$ 111,214
Accounts receivable (net of allowance for doubtful accounts of \$1,000 as of December 31, 2021 and 2020)	15,680	11,820
Employee retention credit receivable	41,226	-
Note receivable - employee	2,337	3,272
Prepaid expense	1,441	7,832
Other assets	9,295	5,943
Property and equipment	4,027	7,799
Total Assets	\$ 253,385	\$ 147,880
LIABILITIES		
Accounts payable and deferred revenue	\$ 10,939	\$ 18,503
Accrued expenses	14,344	14,344
Total Liabilities	25,283	32,847
NET ASSETS		
Without donor restrictions	228,102	115,033
Total Liabilities and Net Assets	\$ 253,385	\$ 147,880

See accompanying notes to the financial statements.

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2021 and 2020

	Without Donor Restrictions	With Donor Restrictions	Total 2021	2020
REVENUES AND SUPPORT				
Contributions	\$ 175,624	\$ -	\$ 175,624	\$ 174,525
Grants	15,750	-	15,750	18,216
Special event revenue	121,109	-	121,109	141,952
Program revenue- adoption related fees	80,050	-	80,050	85,657
Paycheck Protection Program	87,065	-	87,065	87,065
Employee Retention Credit	41,226	-	41,226	-
Other	2,200	-	2,200	238
Total Revenues	523,024	-	523,024	507,653
EXPENSES				
Program service				
Adoption expenses	166,201	-	166,201	206,484
Pregnancy counseling	93,870	-	93,870	100,344
Supporting expenses				
Management and general	80,006	-	80,006	70,989
Fundraising	69,768	-	69,768	71,539
Total Expenses	409,845	-	409,845	449,356
OTHER EXPENSE -				
Loss on disposal of property and equipment	110	-	110	-
Increase in Net Assets	113,069	-	113,069	58,297
Net Assets at Beginning of Year	115,033	-	115,033	56,736
Net Assets at End of Year	\$ 228,102	\$ -	\$ 228,102	\$ 115,033

See accompanying notes to the financial statements.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 113,069	\$ 58,297
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation expense	2,912	3,423
Loss on disposal of property and equipment	110	-
(Increase) decrease in:		
Accounts receivable	(3,860)	(1,446)
Employee retention credit receivable	(41,226)	
Note receivable - employee	935	935
Prepaid expense	6,391	(200)
Other assets	(3,352)	13,800
Decrease in:		
Accounts payable and accrued expenses	(7,564)	(5,638)
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>67,415</u>	 <u>69,171</u>
 CASH FLOWS FROM INVESTING ACTIVITIES -		
Proceeds from sale of property and equipment	<u>750</u>	<u>-</u>
 NET INCREASE IN CASH	 68,165	 69,171
 CASH, BEGINNING OF YEAR	 <u>111,214</u>	 <u>42,043</u>
 CASH, END OF YEAR	 <u><u>\$ 179,379</u></u>	 <u><u>\$ 111,214</u></u>

See accompanying notes to the financial statements.

Miriam's Promise

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2021

	Program Services		Supporting Services		
	Adoption Services	Pregnancy Counseling	Management & General	Fundraising	Total
Salaries and wages	\$ 79,847	\$ 45,440	\$ 41,752	\$ 28,510	\$ 195,549
Payroll taxes	6,834	2,617	2,181	2,908	14,540
Employee benefits	21,795	8,173	6,811	8,627	45,406
	<u>108,476</u>	<u>56,230</u>	<u>50,744</u>	<u>40,045</u>	<u>255,495</u>
Advertising	1,176	1,176	-	-	2,352
Bank charges	1,105	-	1,105	2,211	4,421
Conferences and events	-	-	-	15,328	15,328
Contract services	3,435	3,435	3,435	3,435	13,740
Depreciation expense	1,281	815	408	408	2,912
Dues and subscriptions	908	908	-	-	1,816
Equipment Rental	955	382	286	286	1,909
Family aid	-	1,105	-	-	1,105
Insurance	9,366	9,365	4,683	-	23,414
License and fees	520	-	-	-	520
Maintenance	8,574	6,430	3,215	3,215	21,434
Miscellaneous expense	20	20	20	20	80
Postage and shipping	405	135	405	405	1,350
Printing and publications	273	205	68	136	682
Professional fees	6,761	-	10,141	-	16,902
Relocation	1,705	1,705	426	426	4,262
Rent	13,611	8,168	2,723	2,723	27,225
Supplies	841	360	840	360	2,401
Telephone	4,408	2,645	1,323	441	8,817
Training	351	351	39	39	780
Travel and lodging	2,030	435	145	290	2,900
	<u>166,201</u>	<u>93,870</u>	<u>80,006</u>	<u>69,768</u>	<u>409,845</u>
TOTAL EXPENSES	\$ <u>166,201</u>	\$ <u>93,870</u>	\$ <u>80,006</u>	\$ <u>69,768</u>	\$ <u>409,845</u>

See accompanying notes to the financial statements.

Miriam's Promise

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2020

	Program Services		Supporting Services		
	Adoption Services	Pregnancy Counseling	Management & General	Fundraising	Total
Salaries and wages	\$ 113,741	\$ 44,079	\$ 30,695	\$ 32,425	\$ 220,940
Payroll taxes	7,767	2,913	2,427	3,075	16,182
Employee benefits	19,057	7,147	5,955	7,544	39,703
	<u>140,565</u>	<u>54,139</u>	<u>39,077</u>	<u>43,044</u>	<u>276,825</u>
Advertising	356	355	-	-	711
Bank charges	967	-	967	1,935	3,869
Conferences and events	-	-	-	12,097	12,097
Contract services	2,779	2,779	2,779	2,778	11,115
Depreciation expense	1,438	959	513	513	3,423
Dues and subscriptions	999	998	-	-	1,997
Equipment Rental	2,695	1,077	809	809	5,390
Family aid	-	5,225	-	-	5,225
Insurance	11,849	11,849	5,925	-	29,623
License and fees	728	-	-	-	728
Maintenance	9,961	6,641	3,557	3,557	23,716
Miscellaneous expense	272	272	271	271	1,086
Other	120	120	1,442	721	2,403
Postage and shipping	817	271	817	817	2,722
Printing and publications	176	132	43	88	439
Professional fees	5,984	-	8,977	-	14,961
Rent	21,000	12,600	4,200	4,200	42,000
Supplies	380	179	390	106	1,055
Telephone	3,587	2,152	1,076	359	7,174
Training	265	265	35	23	588
Travel and lodging	<u>1,546</u>	<u>331</u>	<u>111</u>	<u>221</u>	<u>2,209</u>
TOTAL EXPENSES	<u>\$ 206,484</u>	<u>\$ 100,344</u>	<u>\$ 70,989</u>	<u>\$ 71,539</u>	<u>\$ 449,356</u>

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE A—NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Miriam's Promise (the "Organization") is a non-profit Tennessee corporation. The Organization was established as an independent entity on January 1, 2003 after spinning off from Holston Home for Children. The mission of the Organization is to ensure the well-being of the child by nurturing individuals and families. This mission is met through programs which include pregnancy counseling, assistance to pregnant women, adoption services and parenting coaching for parents that have adopted children from "hard places."

Basis of Accounting

The financial statements of the Organization are presented on the accrual basis of accounting.

Basis of Presentation

Net assets and revenues, gains, and losses are classified based on the absence or existence and nature of donor-imposed restrictions as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions.

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions that can be filled by actions of the Organization pursuant to those stipulations or that expire by the passage of time.

Accounts Receivable

Accounts receivable are stated at the amount that management expects to collect on outstanding balances. The carrying amount of accounts receivable is reduced by a valuation allowance, if necessary, which reflects the Organization's best estimate of the amounts that will not be collected. The allowance is estimated based on the Organization's historical loss experience, and existing economic conditions. Once management determines a balance cannot be collected, it is written off through a charge to the allowance for doubtful accounts.

Property and equipment

It is the Organization's policy to capitalize property and equipment purchased at cost. Maintenance and ordinary repairs are expensed. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE A — NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment (continued)

Depreciation is provided under the straight-line method based on estimated service lives of 5 years. When property and equipment is retired or sold, the cost and the related accumulated depreciation are removed from the accounts, and the resulting gain or loss is included in net assets without donor restrictions.

Revenue Recognition

Contributions and grants received are recorded as revenue and net assets with or without donor restrictions, depending on the existence and nature of any donor restrictions or by law. In general, grants received by the Organization are considered contributions.

Contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as increases in net assets with donor restrictions. When a restriction is fulfilled (that is, when a stipulated time restriction ends or the purpose of restriction is accomplished), net assets with donor restrictions are reclassified and reported in the statements of activities as net assets without donor restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the support is reported as net assets without donor restrictions.

Special event and program revenue – adoption related fees received are not recognized as revenue until the revenue is earned, which is at the time of the event or when the services are provided, and the Organization does not believe it is required to provide additional goods or services to fulfill its related performance obligation. Adoption services have multiple performance obligations and revenue is recognized as each performance obligation is satisfied. Significant fees are nonrefundable.

Contributed services and other non-cash donations

Individuals may volunteer their time and perform a variety of tasks that assist the Organization at fundraising activities. As of December 31, 2021 and 2020, these services did not meet the criteria for recognition as contributed services and have not been recorded in the financial statements.

Non-cash donations such as diapers, baby formula, etc. that the Organization uses to support expectant mothers and birthparents are recorded as revenue at fair market value and a related expense is recorded as the items are used. In 2021, \$18,911 of such donations or expenses were used.

Promises to give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. As of December 31, 2021 and 2020, there were no outstanding promises to give.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE A — NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes

The Organization is a not-for-profit organization that is exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3) and classification by the Internal Revenue Service as an other than private foundation. Accordingly, no provision for federal income taxes is included in the accompanying financial statements.

A tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded. Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2021 and 2020, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

As of December 31, 2021 and 2020, the Organization has accrued no interest and no penalties related to uncertain tax positions. It is the Organization's policy to recognize interest and/or penalties related to income tax matters in income tax expense.

The Organization files a U.S. Federal information tax return. The Organization is currently open to audit under the statute of limitations by the Internal Revenue Service for the years ended December 31, 2021, 2020, and 2019.

Advertising

The costs of advertising are expensed as incurred.

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.

Paycheck Protection Program and Employee Retention Credit

During 2021, the Organization received \$87,065 from the Small Business Administration (“SBA”) under Phase II of the Payroll Protection Program (“PPP”). During 2020, the Organization received \$87,065 from the SBA under Phase I of the PPP. The Organization has obtained forgiveness on repayment of the PPP funds from the SBA and has recognized the related revenue as of December 31, 2021 and 2020.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021 and 2020

**NOTE A — NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**Paycheck Protection Program and Employee Retention Credit (continued)

During 2022, the Organization applied for \$41,226 in an employee retention credit under the terms of the Consolidated Appropriations Act ("the Act") and the American Rescue Plan ("the Plan") for employee retention credits earned in 2021. As of December 31, 2021, \$41,226 was recorded as a receivable. Under the terms of the Act and the Plan, the Organization had to meet certain eligibility requirements to participate. As of December 31, 2021, Management believes it has fully complied with the requirements.

NOTE B - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31:

	<u>2021</u>	<u>2020</u>
Furniture and equipment	\$ 13,388	\$ 34,822
Leasehold improvements	<u>4,191</u>	<u>8,602</u>
	17,579	43,424
Accumulated depreciation	<u>(13,552)</u>	<u>(35,625)</u>
	<u>\$ 4,027</u>	<u>\$ 7,799</u>

Depreciation expense for 2021 and 2020 is \$2,912 and \$3,423, respectively.

NOTE C – OPERATING LEASE

During August 2019, the Organization extended the leasing arrangement for office space that is considered an operating lease. The extended lease agreement matures August 2021 and became a month-to-month agreement with monthly rent in the amount of \$2,450. The previously agreed upon amount required monthly rent of \$3,500, effective until December 31, 2020. As of November 2021, the Organization entered into a new month-to-month lease agreement for a new office space requiring monthly rent in the amount of \$750. Total rent expense for the years ended December 31, 2021 and 2020 was \$27,225 and \$42,000, respectively.

NOTE D – FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various programs and activities have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. In general, most expenses can easily be identified and charged to a specific program. Some expenses such as depreciation, insurance, utilities, etc. are allocated on a reasonable basis that is consistently applied usually based upon square footage.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE E – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position were \$204,740. In general, the Organization as part of its liquidity management tries to structure its financial assets to be available as expenditures and liabilities come due.

As part of the Organization's liquidity management, cash in excess of daily requirements would be invested in short term investments such as savings or money market accounts with local financial institutions.

NOTE F - CONCENTRATION OF RISK

The Organization is highly dependent on revenues from fees for services, church giving, event revenue, general contributions and grants from donors in the Middle Tennessee area and is thus impacted by the local economic environment.

NOTE G - RETIREMENT PLAN

The Organization sponsors a defined contribution IRC 403(b) plan (the "Plan") for its employees. The Plan covers substantially all employees. The Organization contributed \$4,389 and \$3,890 in 2021 and 2020, respectively, to the Plan.

NOTE I - SUBSEQUENT EVENTS

The Organization has evaluated events and transactions that occurred between December 31, 2021 and June 8, 2022, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements. No such events or transactions were noted requiring recognition or disclosure in the financial statements.