Miriam's Promise

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

For the Years Ended December 31, 2010 and 2009

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DVF Dempsey Vantrease & Follis PLLC
Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Miriam's Promise
Nashville, Tennessee

We have audited the accompanying statement of financial position of Miriam's Promise (a nonprofit organization) as of December 31, 2010 and 2009, and the related statements of activities, functional expenses, and cash flows for the years 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 audits provide 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 Miriam's Promise as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Dempsey Vantrease & Follis PLLC

Murfreesboro, Tennessee
June 16, 2011

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Miriam's Promise

STATEMENTS OF FINANCIAL POSITION

December 31, 2010 and 2009

ASSETS	2010	2009
Cash in banks	$ 76,339	$ 76,646
Accounts receivable (net allowance of $4,265 for 2010 and 2009)	26,947	28,354
Pledges receivable	1,303	3,535
Property and equipment	13,045	28,906
Total Assets	$ 117,634	$ 137,441
LIABILITIES		
Accounts payable and deferred revenue	$ 22,467	$ 8,812
Accrued expenses	33,597	34,727
Total Liabilities	56,064	43,539
NET ASSETS-unrestricted	61,570	93,902
Total Liabilities and Net Assets	$ 117,634	$ 137,441

See accompanying notes to financial statements.

Miriam's Promise

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2010 and 2009

	2010	2009
UNRESTRICTED REVENUES AND SUPPORT		
Contributions	$ 174,133	$ 177,378
Grants	37,530	36,010
Special event revenue	168,486	199,669
Program revenue- adoption related fees	173,135	179,033
Other	229	156
Total revenues	553,513	592,246
EXPENSES		
Program service		
Adoption expenses	285,546	261,746
Pregnancy counseling	103,484	118,961
Supporting expenses		
Management and general	76,414	89,109
Fundraising	102,001	152,625
Cost of direct benefits to donors	18,400	21,200
Total expenses	585,845	643,641
Decrease in Net Assets	(32,332)	(51,395)
Net Assets at Beginning of Year	93,902	145,297
Net Assets at End of Year	$ 61,570	$ 93,902

See accompanying notes to financial statements.

Miriam's Promise

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Decrease in net assets	$ (32,332)	$ (51,395)
To reconcile decrease in net assets to net cash used in operating activities		
Depreciation	15,932	15,896
(Increase) decrease in:		
Accounts receivable	1,407	19,101
Pledges receivable	2,232	(472)
Increase in:		
Accounts payable and accrued expenses	12,525	1,334
NET CASH USED IN OPERATING ACTIVITIES	(236)	(15,536)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment and improvements	(71)	(2,262)
NET CASH USED IN INVESTING ACTIVITIES	(71)	(2,262)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(307)	(17,798)
Cash and cash equivalents, beginning of year	76,646	94,444
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 76,339	$ 76,646

See accompanying notes to financial statements.

Miriam's Promise

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2010

	Program Services		Supporting Services			
	Adoption Services	Pregnancy Counseling	Management & General	Fundraising	Direct Benefit to Donors	Total
Salaries and wages	$ 168,522	$ 49,932	$ 37,449	$ 56,174	$ -	$ 312,077
Payroll taxes	13,425	3,978	2,983	4,475	-	24,861
Employee benefits	21,602	6,401	4,800	7,201	-	40,004
	203,549	60,311	45,232	67,850	-	376,942
Advertising	9,768	9,768	-	-	-	19,536
Bad debt	-	-	2,475	75	-	2,550
Bank charges	-	-	2,485	2,485	-	4,970
Conferences and events	-	-	-	17,182	18,400	35,582
Contract services	231	231	462	-	-	924
Depreciation expense	3,983	3,983	5,576	2,390	-	15,932
Dues and subscriptions	623	623	-	-	-	1,246
Equipment Rental	2,532	1,266	1,266	1,266	-	6,330
Family aid	-	3,691	-	-	-	3,691
Insurance	8,027	8,027	4,013	-	-	20,067
License and fees	350	-	-	-	-	350
Maintenance	3,126	1,563	1,563	1,563	-	7,814
Miscellaneous expense	937	936	1,876	936	-	4,685
Other	319	319	638	319	-	1,595
Postage and shipping	1,504	1,504	376	376	-	3,760
Printing and publications	460	460	920	460	-	2,300
Professional fees	24,590	-	4,382	-	-	28,972
Rent	10,949	3,244	2,433	3,650	-	20,276
Supplies	2,424	1,212	1,212	1,212	-	6,060
Telephone	2,780	1,390	1,390	1,390	-	6,950
Training	2,523	-	114	285	-	2,922
Travel and lodging	6,872	4,957	-	563	-	12,392
TOTAL EXPENSES	$ 285,546	$ 103,484	$ 76,414	$ 102,001	$ 18,400	$ 585,846

See accompanying notes to financial statement.

Miriam's Promise

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2009

	Program Services		Supporting Services			
	Adoption Services	Pregnancy Counseling	Management & General	Fundraising	Direct Benefits to Donors	Total
Salaries and wages	$ 154,326	$ 63,007	$ 43,628	$ 93,627	-	$ 354,588
Payroll taxes	12,173	4,970	3,441	7,385	-	27,969
Employee benefits	15,708	6,413	4,441	9,530	-	36,092
	182,207	74,390	51,510	110,542	-	418,649
Advertising	9,085	9,085	-	-	-	18,170
Bad debt	7,208	-	5,715	-	-	12,923
Bank charges	-	-	1,951	1,951	-	3,902
Special fundraising events	-	-	-	21,724	21,200	42,924
Contract services	482	482	1,151	-	-	2,115
Depreciation expense	3,974	3,974	5,564	2,384	-	15,896
Dues and subscriptions	449	-	331	-	-	780
Equipment rental	2,658	953	1,180	1,693	-	6,484
Family aid	8,391	5,848	-	-	-	14,239
Insurance	8,711	8,711	4,357	-	-	21,779
License and fees	107	-	-	-	-	107
Maintenance	2,302	1,151	1,151	1,151	-	5,755
Miscellaneous expense	544	544	1,087	544	-	2,719
Other	520	-	65	984	-	1,569
Postage and shipping	2,793	400	-	1,463	-	4,656
Printing and publications	782	-	1,565	1,565	-	3,912
Professional fees	8,925	-	4,806	-	-	13,731
Rent	7,764	4,494	3,272	3,882	-	19,412
Supplies	1,521	1,216	2,433	912	-	6,082
Telephone	3,098	1,124	1,392	2,037	-	7,651
Training	4,030	-	104	280	-	4,414
Travel and lodging	6,195	6,589	1,475	1,513	-	15,772
TOTAL EXPENSES	$ 261,746	$ 118,961	$ 89,109	$ 152,625	$ 21,200	$ 643,641

See accompanying notes to financial statement.

NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE A—NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities
Miriam's Promise 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 counsel and assist pregnant women, birthparents, and adoptive parents as they consider and plan for the well-being of children before, during, and after birth, and to conduct such other activities related to this mission as should arise from time to time.

Basis of Accounting
The Organization prepares its financial statements on the accrual basis of accounting which recognizes revenues when earned and expenses as they are incurred.

Allowance for Doubtful Accounts
An allowance for doubtful accounts is provided based on estimated collectability of current receivables.

Contributed Services
During the year ended December 31, 2010 and 2009, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization at their fundraising activities, but these services do not meet the criteria for recognition as contributed services.

Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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.

Property and Equipment
It is the Organization's policy to capitalize property and equipment 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 FINANCIAL STATEMENTS
December 31, 2010 and 2009

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

Financial Statement Presentation

The Organization reports information regarding its contributions, financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Restricted contributions whose restrictions are met in the period the contributions are received are reported as unrestricted contributions. Unrestricted net assets are not subject to donor-imposed stipulations.

Temporarily restricted net assets are subject to donor imposed stipulations that can be fulfilled by actions of the organization pursuant to those stipulations or that expire by the passage of time. No temporarily restricted assets were held during 2010 and 2009.

Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the organization. Generally, the donors of such assets permit the organization to use all or part of the income earned on the assets. No permanently restricted net assets were held during 2010 and 2009.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e. the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassification between the applicable classes of net assets.

Designated net assets are unrestricted funds the Organization's board has designated for the purpose of establishing an endowment fund. This fund differs from restricted funds in that the designation was made by the board of the Organization. Restricted funds operate under restrictions set by those outside the Organization's board, council or administration.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for income taxes has been made in the accompanying financial statements. At December 31, 2010, the Organization's tax returns related to fiscal years ended December 31, 2007 through December 31, 2010 remain open to examination by tax authorities.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers funds held in the operational checking accounts and the savings accounts to be cash equivalents. From time to time, cash may be held in the investment account but is not considered to be cash equivalents.

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

Advertising

The costs of advertising are expenses as incurred.

NOTE B - PROMISES TO GIVE

The amount of promises to give outstanding as of December 31, 2010 and 2009 are $1,303 and $3,535 respectively. All promises to give are due within one year.

NOTE C - PROPERTY AND EQUIPMENT

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

	2010	2009
Furniture and equipment	$ 34,942	$ 34,872
Leasehold improvements	66,304	66,304
	101,246	101,176
Accumulated depreciation	(88,201)	(72,270)
	$ 13,045	$ 28,906

Property and equipment is valued at original cost except for assets transferred from Holston Home for Children prior to 2003. Those assets have been presented at an estimated fair market value at the date transferred from Holston Home for Children. Depreciation of equipment is computed over a useful live of 5 years using the straight-line method of depreciation. Depreciation of leasehold improvements is computed over a useful life of 5 years using the straight-line method because the office space is only guaranteed for a 5 year period. Depreciation expense for 2010 and 2009 is $15,932 and $15,896, respectively.

NOTE D - DESCRIPTION OF LEASING ARRANGEMENTS

The organization leases office space from the Tulip Street United Methodist Church for $1,500 monthly. The organization is in the process of finalizing a new lease with the Church which provides for a monthly rental of $2,000 starting in 2011. The organization expects the lease to give them the right to renew the lease annually. Total rental expense for the years ended December 31, 2010 and 2009 was $18,000 for each year.

NOTE E - CONCENTRATION OF RISK

The Organization is highly dependent on revenues from adoption services as well as charitable contributions from donors in the middle Tennessee area and is thus impacted by the local economic environment.

NOTE F- RETIREMENT PLAN

The Organization sponsors a defined contribution IRC 403(b) plan for its employees. The plan covers substantially all employees. The Organization contributed $20,975 and $18,050 in 2010 and 2009, respectively, to the plan.

NOTE G - SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 16, 2011, which is the date the financial statements were available to be issued. Based on the evaluation no significant subsequent events were noted.