MIRIAM'S PROMISE

FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

(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, 2022 and 2021, 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, 2022 and 2021, 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 audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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.

Dempsey Vantrease & Follis PLLC

Murfreesboro, Tennessee
July 13, 2023

Miriam's Promise

STATEMENTS OF FINANCIAL POSITION

December 31, 2022 and 2021

	2022	2021
ASSETS:		
Cash	$ 240,976	$ 179,379
Accounts receivable (net of allowance for doubtful accounts of $1,000 as of December 31, 2022 and 2021)	33,663	15,680
Employee retention credit receivable	-	41,226
Note receivable - employee	1,402	2,337
Prepaid expense	7,985	1,441
Other assets	8,078	9,295
Operating lease right-of-use assets	20,017	29,522
Property and equipment	5,435	4,027
Total Assets	$ 317,556	$ 282,907
LIABILITIES:		
Accounts payable and adoption retainers	$ 7,030	$ 10,939
Accrued expenses	16,997	14,344
Operating lease liabilities	20,017	29,522
Total Liabilities	44,044	54,805
NET ASSETS-		
Without donor restrictions	273,512	228,102
Total Liabilities and Net Assets	$ 317,556	$ 282,907

See accompanying notes to the financial statements.

Miriam's Promise

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2022 and 2021

	Without Donor Restrictions	With Donor Restrictions	Total 2022	2021
REVENUES AND SUPPORT:				
Contributions	$ 196,189	$ -	$ 196,189	$ 175,624
Nonfinancial contributions	27,526	-	27,526	-
Grants	48,530	-	48,530	15,750
Special event revenue	113,883	-	113,883	121,109
Program revenue- adoption related fees	88,949	-	88,949	80,050
Paycheck Protection Program	-	-	-	87,065
Employee Retention Credit	-	-	-	41,226
Other	918	-	918	2,200
Total Revenues	475,995	-	475,995	523,024
EXPENSES:				
Program service:				
Adoption expenses	177,925	-	177,925	166,201
Pregnancy counseling	76,694	-	76,694	93,870
Supporting expenses:				
Management and general	69,084	-	69,084	80,006
Fundraising	106,882	-	106,882	69,768
Total Expenses	430,585	-	430,585	409,845
OTHER EXPENSE -				
Loss on disposal of property and equipment	-	-	-	110
Increase in Net Assets	45,410	-	45,410	113,069
Net Assets at Beginning of Year	228,102	-	228,102	115,033
Net Assets at End of Year	$ 273,512	$ -	$ 273,512	$ 228,102

See accompanying notes to the financial statements.

Miriam's Promise

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	$ 45,410	$ 113,069
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation expense	1,420	2,912
Bad debt expense	1,589	-
Loss on disposal of property and equipment	-	110
(Increase) decrease in:		
Accounts receivable	(19,572)	(3,860)
Employee retention credit receivable	41,226	(41,226)
Note receivable - employee	935	935
Prepaid expense	(6,544)	6,391
Other assets	1,217	(3,352)
Increase (decrease) in:		
Accounts payable	(3,909)	(7,564)
Accrued expenses	2,653	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	64,425	67,415
CASH FLOWS FROM INVESTING ACTIVITIES -		
Additions to property and equipment	(2,828)	-
Proceeds from sale of property and equipment	-	750
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(2,828)	750
NET INCREASE IN CASH	61,597	68,165
CASH, BEGINNING OF YEAR	179,379	111,214
CASH, END OF YEAR	$ 240,976	$ 179,379
SUPPLEMENTAL CASH FLOW INFORMATION -		
Noncash - exchange of operating lease right-of-use assets for operating lease liabilities	$ -	$ 31,031

See accompanying notes to the financial statements.

Miriam's Promise

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2022

	Program Services		Supporting Services		
	Adoption Services	Pregnancy Counseling	Management & General	Fundraising	Total
Salaries and wages	$ 103,677	$ 34,972	$ 35,130	$ 24,595	$ 198,374
Payroll taxes	7,792	2,629	2,640	1,849	14,910
Employee benefits	17,161	5,789	5,815	4,071	32,836
	128,630	43,390	43,585	30,515	246,120
Advertising	364	363	-	-	727
Bad debts	1,589	-	-	-	1,589
Bank charges	930	-	930	1,861	3,721
Conferences and events	-	-	-	64,162	64,162
Contract services	3,373	3,372	3,373	3,372	13,490
Depreciation	596	398	213	213	1,420
Dues and subscriptions	387	386	-	-	773
Equipment rental	1,002	401	300	300	2,003
Family aid	-	3,202	-	-	3,202
Insurance	11,491	11,491	5,745	-	28,727
License and fees	199	-	-	-	199
Maintenance	8,515	5,677	3,041	3,041	20,274
Miscellaneous	418	418	418	417	1,671
Postage and shipping	722	241	722	722	2,407
Professional fees	4,947	-	7,419	-	12,366
Rent	4,500	2,700	900	900	9,000
Supplies	897	424	922	249	2,492
Telephone	3,389	2,033	1,017	339	6,778
Training	1,168	1,168	156	104	2,596
Travel and lodging	4,808	1,030	343	687	6,868
TOTAL EXPENSES	$ 177,925	$ 76,694	$ 69,084	$ 106,882	$ 430,585

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
	108,476	56,230	50,744	40,045	255,495
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	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	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
TOTAL EXPENSES	$ 166,201	$ 93,870	$ 80,006	$ 69,768	$ 409,845

See accompanying notes to the financial statements.

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.

Recently Adopted Accounting Standards

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-02, *Leases* ("ASU 2016-02"), which along with subsequent amendments, superseded prior lease accounting requirements. The updated standard requires balance sheet recognition for all leases with lease terms greater than one year including a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The Organization adopted the provisions of ASU 2016-02 and all of the related amendments effective January 1, 2022 using a modified retrospective approach. As a result of implementation of ASU 2016-02, assets and liabilities increased by $4,751 as of January 1, 2021.

In September 2020, the Financial Accounting Standards Board issued Accounting Standards Update 2020-07, Not-for-Profit Entities (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* ("ASU 2020-07"), to provide accounting guidance about reporting for nonfinancial assets received. The Organization adopted the provisions of ASU 2020-07 effective January 1, 2022 which did not have a material impact on net assets.

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.

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

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.

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.

Adoption Retainers

It is the Organization's policy to require a $1,000 retainer from families applying for adoption. Adoption expenses are credited to the adoption retainer balance as incurred. Adoption expenses in excess of the retainer balance are billed when incurred. Any remaining adoption retainer balance when the adoption is finalized is refunded.

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 reports as net assets without donor restrictions.

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

Revenue Recognition (Continued)
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, 2022 and 2021, these services did not meet the criteria for recognition as contributed services and have not been recorded in the financial statements.

Non-cash donations consist of donated items to be auctioned at a fundraising event to benefit the Organization. These non-cash donations are recorded as revenue at fair market value and a related expense is recorded when the items are sold in the auction.

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, 2022 and 2021, there were no outstanding promises to give.

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 in 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, 2022 and 2021, 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, 2022 and 2021, 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, 2022, 2021, and 2020.

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

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 Credits
During 2021, the Organization received $87,065 from the Small Business Administration ("SBA") under Phase II of the Payroll Protection Program ("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.

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. The amounts were received during 2022. Under the terms of the Act and the Plan, the Organization had to meet certain eligibility requirements to participate. As of December 31, 2022, 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:

	2022	2021
Furniture and equipment	$ 16,216	$ 13,388
Leasehold improvements	4,191	4,191
	20,407	17,579
Accumulated depreciation	(14,972)	(13,552)
	$ 5,435	$ 4,027

Depreciation expense for 2022 and 2021 is $1,420 and $2,912, respectively.

NOTE C – LINE OF CREDIT

The Company had a line of credit with a bank at December 31, 2022 and 2021 in the maximum amount of $50,000. The line of credit bears interest at 5.75%. The Organization did not owe on the line as of December 31, 2022 and 2021. The line of credit matures on January 6, 2030 and is secured by substantially all the assets of the Organization.

NOTE D – OPERATING LEASES

During August 2019, the Organization extended the leasing arrangement for office space that is considered an operating lease. The extended lease agreement matured August 2021 and became a month-to-month agreement with monthly rent in the amount of $2,450. As of November 2021, the Organization entered into a two-year operating lease agreement for a new office space requiring monthly rent in the amount of $750. The agreement has a renewal option of one year. Total rent expense for office space for the years ended December 31, 2022 and 2021 was $9,000 and $27,225, respectively.

In January 2021, the Organization entered a 63-month equipment lease agreement. Payments were made monthly in the amount of $79 resulting in lease expense totaling $948 as of December 31, 2022.

It is the Organization's policy to use a risk-free rate as the discount rate (1.8% at December 31, 2022) for the operating lease in accordance with ASU 2021-09. The weighted average remaining lease term for the operating leases is 34 months. The operating leases are presented as a right-of-use assets and related operating lease liabilities on the balance sheet as of December 31, 2022 and 2021 in the amounts of $20,017 and $29,522, respectively. The future minimum payments under the lease for the next five years are as follows:

2023	$ 9,948
2024	9,198
2025	948
2026	316
	20,410
Less effects of discounting	(393)
	$ 20,017

NOTE E – 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.

NOTE F – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As of the statement of financial position date, the Organization's financial assets 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 $334,122. The liquidity value includes an available line of credit in the amount of $50,000. 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.

NOTE F – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)

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 G - 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 H - 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 $4,740 and $4,389 in 2022 and 2021, respectively, to the Plan.

NOTE I - SUBSEQUENT EVENTS

The Organization has evaluated events and transactions that occurred between December 31, 2022 and July 13, 2023, 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.