MIRIAM'S PROMISE

FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

(WITH INDEPENDENT AUDITORS' REPORT)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Miriam's Promise

We have audited the accompanying financial statements of Miriam's Promise (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years 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 the 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 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 audit to obtain reasonable assurance about whether the financial statements are free from 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.

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, 2014 and 2013, 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.

Dempsey Vantrease & Follis PLLC

Murfreesboro, Tennessee
June 15, 2015

Miriam's Promise

STATEMENTS OF FINANCIAL POSITION

December 31, 2014 and 2013

	2014	2013
ASSETS		
Cash	$ 166,863	$ 232,467
Accounts receivable (net of allowance for doubtful accounts of $4,265 as of December 31, 2014 and 2013)	6,544	13,354
Prepaid expense	4,625	6,090
Property and equipment	3,363	3,972
Total Assets	$ 181,395	$ 255,883
LIABILITIES		
Accounts payable and deferred revenue	$ 43,206	$ 41,959
Accrued expenses	37,731	48,067
Total Liabilities	80,937	90,026
NET ASSETS		
Unrestricted	98,715	154,051
Temporarily restricted	1,743	11,806
	100,458	165,857
Total Liabilities and Net Assets	$ 181,395	$ 255,883

See accompanying notes to the financial statements.

Miriam's Promise

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2014 and 2013

	Unrestricted	Temporarily Restricted	Total 2014	2013
REVENUES AND SUPPORT				
Contributions	$ 214,012	$ -	$ 214,012	$ 212,689
Grants	14,175	9,118	23,293	27,139
In kind contributions	2,672	-	2,672	4,485
Special event revenue	192,877	-	192,877	166,574
Program revenue- adoption related fees	154,515	-	154,515	167,534
Other	504	-	504	860
Net assets released from restrictions	19,181	(19,181)	-	-
Total Revenues	597,936	(10,063)	587,873	579,281
EXPENSES				
Program service				
Adoption expenses	315,769	-	315,769	259,620
Pregnancy counseling	115,149	-	115,149	128,653
Supporting expenses				
Management and general	103,970	-	103,970	96,734
Fundraising	102,384	-	102,384	106,690
Cost of direct benefits to donors	16,000	-	16,000	16,000
Total Expenses	653,272	-	653,272	607,697
Decrease in Net Assets	(55,336)	(10,063)	(65,399)	(28,416)
Net Assets at Beginning of Year	154,051	11,806	165,857	194,273
Net Assets at End of Year	$ 98,715	$ 1,743	$ 100,458	$ 165,857

See accompanying notes to the financial statements.

Miriam's Promise

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Decrease in net assets	$ (65,399)	$ (28,416)
Adjustments to reconcile decrease in net assets to net cash used in operating activities		
Depreciation expense	609	1,198
(Increase) decrease in:		
Accounts receivable	6,810	13,163
Pledges receivable	-	1,303
Prepaid expense	1,465	234
Increase (decrease) in:		
Accounts payable and accrued expenses	(9,089)	1,485
NET CASH USED IN OPERATING ACTIVITIES	(65,604)	(11,033)
CASH FLOWS FROM INVESTING ACTIVITIES -		
Purchases of property and equipment	-	(1,887)
NET CASH USED IN INVESTING ACTIVITIES	-	(1,887)
NET DECREASE IN CASH	(65,604)	(12,920)
Cash, BEGINNING OF YEAR	232,467	245,387
CASH, END OF YEAR	$ 166,863	$ 232,467

See accompanying notes to the financial statements.

Miriam's Promise

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2014

	Program Services		Supporting Services			
	Adoption Services	Pregnancy Counseling	Management & General	Fundraising	Direct Benefit to Donors	Total
Salaries and wages	$ 198,586	$ 45,784	$ 51,153	$ 49,584	$ -	$ 345,107
Payroll taxes	13,130	4,924	4,103	5,198	-	27,355
Employee benefits	27,867	10,451	8,708	11,030	-	58,056
	239,583	61,159	63,964	65,812	-	430,518
Advertising	7,308	7,309	-	-	-	14,617
Bad debt	3,800	-	-	-	-	3,800
Bank charges	883	-	883	1,767	-	3,533
Special event costs	-	-	-	22,208	16,000	38,208
Contract services	2,821	2,821	5,641	-	-	11,283
Depreciation expense	256	171	92	90	-	609
Dues and subscriptions	918	917	-	-	-	1,835
Equipment Rental	2,845	1,422	1,423	1,423	-	7,113
Family aid	-	9,758	-	-	-	9,758
Insurance	10,313	10,313	5,156	-	-	25,782
License and fees	2,020	-	-	-	-	2,020
Maintenance	10,129	6,753	3,617	3,618	-	24,117
Miscellaneous expense	565	564	564	564	-	2,257
Other	59	60	712	356	-	1,187
Postage and shipping	1,328	1,328	885	885	-	4,426
Printing and publications	756	755	189	189	-	1,889
Professional fees	956	-	8,608	-	-	9,564
Rent	12,000	4,800	3,600	3,600	-	24,000
Supplies	4,473	2,113	5,840	-	-	12,426
Telephone	3,879	1,551	1,940	388	-	7,758
Training	1,301	1,300	173	116	-	2,890
Travel and lodging	9,576	2,055	683	1,368	-	13,682
TOTAL EXPENSES	$ 315,769	$ 115,149	$ 103,970	$ 102,384	$ 16,000	$ 653,272

See accompanying notes to the financial statements.

Miriam's Promise

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2013

	Program Services		Supporting Services			
	Adoption Services	Pregnancy Counseling	Management & General	Fundraising	Direct Benefits to Donors	Total
Salaries and wages	$ 156,495	$ 58,685	$ 48,905	$ 61,946	-	$ 326,031
Payroll taxes	13,234	4,963	4,136	5,238	-	27,571
Employee benefits	21,119	7,920	6,600	8,360	-	43,999
	190,848	71,568	59,641	75,544	-	397,601
Advertising	10,197	10,196	-	-	-	20,393
Bad debt	18	-	-	-	-	18
Bank charges	682	-	682	1,363	-	2,727
Special event costs	-	-	-	15,310	16,000	31,310
Contract services	2,167	2,167	4,332	-	-	8,666
Depreciation expense	503	335	180	180	-	1,198
Dues and subscriptions	566	566	-	-	-	1,132
Equipment rental	2,879	1,439	1,439	1,439	-	7,196
Family aid	-	11,209	-	-	-	11,209
Insurance	8,838	8,838	4,420	-	-	22,096
License and fees	1,212	-	-	-	-	1,212
Maintenance	8,758	5,839	3,128	3,128	-	20,853
Miscellaneous expense	1,093	1,093	2,188	1,093	-	5,467
Other	232	232	2,780	1,391	-	4,635
Postage and shipping	1,231	1,231	821	821	-	4,104
Printing and publications	474	474	118	118	-	1,184
Professional fees	816	-	6,450	-	-	7,266
Rent	12,000	4,800	3,600	3,600	-	24,000
Supplies	3,143	1,491	4,117	34	-	8,785
Telephone	4,101	1,640	2,051	410	-	8,202
Training	4,092	4,092	562	356	-	9,102
Travel and lodging	5,770	1,443	225	1,903	-	9,341
TOTAL EXPENSES	$ 259,620	$ 128,653	$ 96,734	$ 106,690	$ 16,000	$ 607,697

See accompanying notes to the financial statements.

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

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.

In accordance with Accounting Standards Codification 958, *Not-For-Profit Entities*, the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted, as follows:

(a) Unrestricted net assets include unrestricted resources and expendable funds available for support of any Organization purpose.

(b) Temporarily restricted net assets include resources and expendable funds available for a specific purpose as designated by the donor. Temporarily restricted net asset stipulations can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time. Temporarily restricted assets were $1,743 and $11,806 as of December 31, 2014 and 2013, respectively.

(c) Permanently restricted net assets include resources subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes. There were no permanently restricted net assets as of December 31, 2014 or 2013.

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.

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

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 unrestricted net assets.

Revenue recognition

Revenue is recognized when earned.

Contributions and grants

Contributions and grants received are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the existence and nature of any donor restrictions or by law.

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 temporarily restricted or permanently restricted increases to those net asset classes. When a restriction is fulfilled (that is, when a stipulated time restriction ends or the purpose of restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted and reported in the statement of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the support is reports as unrestricted.

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, 2014 and 2013, 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 2014 and 2013, those donations and the related expenses were $2,672 and $4,485, respectively.

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

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, 2014 and 2013, 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, 2014 and 2013, 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, 2014 and 2013, 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, 2012, 2013, and 2014.

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.

NOTE B - PROPERTY AND EQUIPMENT

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

	2014	2013
Furniture and equipment	$ 36,829	$ 36,829
Leasehold improvements	66,304	66,304
	103,133	103,133
Accumulated depreciation	(99,770)	(99,161)
	$ 3,363	$ 3,972

Depreciation expense for 2014 and 2013 is $609 and $1,198, respectively.

NOTE C – OPERATING LEASE

The Organization leases office space under an arrangement that is considered an operating lease. The lease is renewed annually. Total rental expense for the years ended December 31, 2014 and 2013 was $24,000.

NOTE D - 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 E- 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 $8,688 and $9,401 in 2014 and 2013, respectively, to the Plan.

NOTE F – RESTRICTIONS ON NET ASSETS

As of December 31, 2014, the Organization had temporarily restricted funds to be used for its "Expecting the Best" program in the amount of $1,743.

NOTE G – RELATED PARTY TRANSACTIONS

The Organization may receive contributions, grants, or other support, and, on occasion, purchase goods or services from individuals, companies, or organizations that are affiliated with or owned, directly or indirectly, by members of the Board of Directors.

NOTE H - SUBSEQUENT EVENTS

The Organization has evaluated events and transactions that occurred between December 31, 2014 and June 15, 2015 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.