MIRIAM'S PROMISE

FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

(WITH INDEPENDENT AUDITORS' REPORT)

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INDEPENDENT AUDITORS' 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, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Managements' 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.

Auditors' 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, 2019 and 2018, 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
July 28, 2020

Miriam's Promise

STATEMENTS OF FINANCIAL POSITION

December 31, 2019 and 2018

		2019		2018
ASSETS				
Cash	$	42,043	$	155,069
Accounts receivable (net of allowance for doubtful accounts of $1,000 as of December 31, 2019 and 2018)		10,374		32,758
Note receivable - employee		4,207		-
Prepaid expense		7,632		4,384
Other assets		19,743		15,927
Property and equipment		11,222		7,280
Total Assets	$	95,221	$	215,418
LIABILITIES				
Accounts payable and deferred revenue	$	22,467	$	31,019
Accrued expenses		16,018		38,227
Total Liabilities		38,485		69,246
NET ASSETS				
Without donor restrictions		48,236		137,672
With donor restrictions		8,500		8,500
		56,736		146,172
Total Liabilities and Net Assets	$	95,221	$	215,418

See accompanying notes to the financial statements.

Miriam's Promise

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2019 and 2018

	Without Donor Restrictions	With Donor Restrictions	Total 2019	2018
REVENUES AND SUPPORT				
Contributions	$ 195,464	$ 6,500	$ 201,964	$ 207,032
Grants	11,265	1,500	12,765	8,400
Special event revenue	175,791	-	175,791	165,487
Program revenue- adoption related fees	113,225	-	113,225	179,880
Other	4,242	-	4,242	3,185
Net assets released from donor restrictions	8,000	(8,000)	-	-
Total Revenues	507,987	-	507,987	563,984
EXPENSES				
Program service				
Adoption expenses	284,303	-	284,303	259,924
Pregnancy counseling	112,709	-	112,709	118,107
Supporting expenses				
Management and general	87,414	-	87,414	85,985
Fundraising	112,996	-	112,996	95,575
Cost of direct benefits to donors	-	-	-	16,000
Total Expenses	597,423	-	597,423	575,591
Decrease in Net Assets	(89,436)	-	(89,436)	(11,607)
Net Assets at Beginning of Year	137,672	8,500	146,172	157,779
Net Assets at End of Year	$ 48,236	$ 8,500	$ 56,736	$ 146,172

See accompanying notes to the financial statements.

Miriam's Promise

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Decrease in net assets	$ (89,436)	$ (11,607)
Adjustments to reconcile decrease in net assets to net cash used in operating activities		
Depreciation expense	2,340	2,542
Loss on disposal of property and equipment	-	417
(Increase) decrease in:		
Accounts receivable	22,384	(26,744)
Note receivable - employee	(4,207)	-
Prepaid expense	(3,248)	(4,020)
Other assets	(3,816)	(1,158)
Decrease in:		
Accounts payable and accrued expenses	(30,761)	(4,096)
NET CASH USED IN OPERATING ACTIVITIES	(106,744)	(44,666)
CASH FLOWS FROM INVESTING ACTIVITIES -		
Purchases of property and equipment	(6,281)	-
NET DECREASE IN CASH	(113,025)	(44,666)
CASH, BEGINNING OF YEAR	155,069	199,735
CASH, END OF YEAR	$ 42,044	$ 155,069

See accompanying notes to the financial statements.

Miriam's Promise

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2019

	Program Services		Supporting Services			
	Adoption Services	Pregnancy Counseling	Management & General	Fundraising	Direct Benefit to Donors	Total
Salaries and wages	$ 169,112	$ 53,309	$ 44,537	$ 46,268	$ -	$ 313,226
Payroll taxes	12,513	4,692	3,910	4,953	-	26,068
Employee benefits	23,275	8,728	7,273	9,213	-	48,489
	204,899	66,729	55,721	60,434	-	387,783
Advertising	970	969	-	-	-	1,939
Bank charges	1,024	-	1,024	2,048	-	4,095
Conferences and events	-	-	-	34,172	-	34,172
Contract services	2,826	2,826	2,826	2,826	-	11,305
Depreciation expense	983	655	351	351	-	2,340
Dues and subscriptions	1,275	1,274	-	-	-	2,549
Equipment Rental	2,653	1,061	796	796	-	5,305
Family aid	-	4,564	-	-	-	4,564
Insurance	8,292	8,292	4,146	-	-	20,731
License and fees	10,851	-	-	-	-	10,851
Maintenance	10,394	6,929	3,712	3,712	-	24,747
Miscellaneous expense	572	572	572	572	-	2,289
Other	158	158	1,892	946	-	3,154
Postage and shipping	1,087	362	1,087	1,087	-	3,623
Printing and publications	707	530	177	354	-	1,768
Professional fees	5,491	-	8,236	-	-	13,727
Rent	20,200	12,120	4,040	4,040	-	40,400
Supplies	1,357	641	1,395	377	-	3,769
Telephone	2,359	1,415	708	236	-	4,718
Training	2,358	2,358	314	210	-	5,239
Travel and lodging	5,849	1,253	418	836	-	8,356
TOTAL EXPENSES	$ 284,303	$ 112,709	$ 87,414	$ 112,996	$ -	$ 597,423

See accompanying notes to the financial statements.

Miriam's Promise

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2018

	Program Services		Supporting Services			
	Adoption Services	Pregnancy Counseling	Management & General	Fundraising	Direct Benefits to Donors	Total
Salaries and wages	$ 155,242	$ 53,008	$ 42,865	$ 50,186	$ -	$ 301,301
Payroll taxes	11,708	4,390	3,659	4,634	-	24,391
Employee benefits	30,555	11,459	9,548	12,095	-	63,657
	197,505	68,857	56,072	66,915	-	389,349
Advertising	665	665	-	-	-	1,330
Bank charges	917	-	917	1,834	-	3,668
Special event costs	-	-	-	12,032	16,000	28,032
Contract services	3,162	3,162	3,163	3,163	-	12,650
Depreciation expense	1,068	712	381	381	-	2,542
Dues and subscriptions	782	782	-	-	-	1,564
Family aid	-	11,252	-	-	-	11,252
Insurance	8,487	8,487	4,244	-	-	21,218
License and fees	41	-	-	-	-	41
Loss on disposal of property and equipment	-	-	417	-	-	417
Maintenance	8,792	5,861	3,140	3,140	-	20,933
Other	155	155	1,864	932	-	3,106
Postage and shipping	734	245	734	734	-	2,447
Printing and publications	202	152	51	100	-	505
Professional fees	4,371	-	6,556	-	-	10,927
Rent	19,800	11,882	3,960	3,960	-	39,602
Supplies	2,150	1,015	2,210	597	-	5,972
Telephone	3,726	2,235	1,118	373	-	7,452
Training	752	752	100	67	-	1,671
Travel and lodging	4,054	869	290	579	-	5,792
TOTAL EXPENSES	$ 259,924	$ 118,107	$ 85,985	$ 95,575	$ 16,000	$ 575,591

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 Standard

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* ("ASU 2016-14"), to improve the financial reporting model for nonprofit organizations. The new guidance reduces the required classes of net assets from three to two, requires all organizations to provide information about expenses by both nature and function, and changes presentation and disclosure requirements by simplifying some disclosures and enhancing others. The Organization adopted the provisions of ASU 2016-14 effective January 1, 2018 which had only presentation effects within the Organization's financial statements and did not have a material impact on net assets.

In May 2014, FASB issued Accounting Standards Update 2014-09, Revenue from Contracts with Customers ("ASU 2014-09"). The revenue recognition standard eliminates the transaction- and industry-specific revenue recognition guidance under current generally accepted accounting principles "GAAP" and replaces it with a principle-based approach for determining revenue recognition. The core principle of the revenue recognition standard is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those good or services.

The FASB also issued the following amendments to ASU 2014-09 to provide clarification on the guidance: ASU 2015-14, Revenue from Contracts with Customers (Topic 606) – Deferral of the Effective Date, ASU 2016-08, Revenue from Contracts with Customers (Topic 606) – Principal versus Agent Considerations (Reporting Revenue Gross Versus Net), and ASU 2016-10, Revenue from Contracts with Customers (Topic 606) – Identifying Performance Obligations and Licensing, and ASU 2016-12, Revenue from Contracts with Customers (Topic 606) – Narrow-Scope Improvements and Practical Expedients.

The Organization adopted the provisions of ASU 2014-09 and all of the related amendments effective January 1, 2019 which did not have material effects on net assets with or without donor restrictions.

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

Basis of Presentation
Financial statement presentation follows the recommendations of ASU 2016-14. Under those provisions, 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.

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.

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

Revenue recognition (continued)

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.

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, 2019 and 2018, 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 2019, $2,590 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, 2019, and 2018, 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.

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

Income taxes (continued)
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, 2019 and 2018, 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, 2019 and 2018, 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, 2019, 2018, and 2017.

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:

	2019	2018
Furniture and equipment	$ 34,822	$ 28,540
Leasehold improvements	8,602	8,602
	43,424	37,142
Accumulated depreciation	(32,202)	(29,862)
	$ 11,222	$ 7,280

Depreciation expense for 2019 and 2018 is $2,339 and $2,542, 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 requires monthly rent in the amount of $3,500. The previous agreement, maturing in August 2019, required monthly rent in the amount of $3,300. Total rent expense for the years ended December 31, 2019 and 2018 was $40,400 and $39,600, respectively.

The following schedule of future minimum payments under the non-cancelable operating lease is as follows:

Year ending December 31,		
2020	$	42,000
2021		28,000
	$	96,400

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.

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 $68,866. In general, the Organization as part of its liquidity managements 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 $8,087 and $8,355 in 2019 and 2018, respectively, to the Plan.

NOTE H – MANAGEMENT'S PLANS FOR FUTURE OPERATIONS

As shown in the accompanying financial statements, the Organization incurred a net loss during the years ended December 31, 2019 and 2018. Revenue, especially for adoption services, has also been on decline during 2019 and 2018. Those factors, as well as the uncertain conditions that the Organization faces through the COVID-19 pandemic create uncertainty about the Organization's ability to continue as a going concern. Management of the Organization has evaluated these conditions and determined that a reduction of expenses, downsize of staff, and hiring a consultant through the Center for Nonprofit Management for the development of long-term fundraising and revenue strategic plans will alleviate this uncertainty.

NOTE I - SUBSEQUENT EVENTS

Due to the uncertainty of short-term continuing operations as a result of the COVID-19 pandemic, the abrupt closing of all non-essential commercial businesses and school systems, the various city, county, state, and federal declarations of emergency and stay at home orders, management anticipates declined operations during 2020. As of the date of these financial statements, the full scope of the impact of the pandemic on the Organization is not fully known. The Organization applied for a loan through the Small Business Administration's Paycheck Protection Program created as a result of the CARES Act. On April 20th, 2020, the loan was funded in the amount of $87,065. As of the date of the financial statements, no determination has been made as to the amount qualifying for forgiveness under the program.

The Organization has evaluated events and transactions that occurred between December 31, 2019 and July 28, 2020, 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.