Miriam's Promise

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

For the Years Ended December 31, 2012 and 2011

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DVF DEMPSEY VANTREASE & FOLLIS PLLC
Certified Public Accountants & Consultants

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, 2012 and 2011, 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, 2012 and 2011, 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 20, 2013

Miriam's Promise

STATEMENTS OF FINANCIAL POSITION

December 31, 2012 and 2011

ASSETS	2012	2011
Cash in banks	$ 245,387	$ 110,021
Accounts receivable (net allowance of $4,265 for 2012 and 2011)	26,517	27,696
Pledges receivable	1,303	1,303
Prepaid expense	6,324	5,534
Property and equipment	3,283	5,251
Total Assets	$ 282,814	$ 149,805
LIABILITIES		
Accounts payable and deferred revenue	$ 33,917	$ 30,998
Accrued expenses	54,624	54,438
Total Liabilities	88,541	85,436
NET ASSETS		
Unrestricted	177,813	49,858
Temporarily restricted	16,460	14,511
	194,273	64,369
Total Liabilities and Net Assets	$ 282,814	$ 149,805

See accompanying notes to financial statements.

Miriam's Promise

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2012 and 2011

	Unrestricted	Temporarily Restricted	Total 2012	2011
REVENUES AND SUPPORT				
Contributions	$ 222,828	$ 10,000	$ 232,828	$ 181,873
Grants	5,400	6,460	11,860	25,995
Bequests	117,500	-	117,500	-
In kind contributions	4,933	-	4,933	-
Special event revenue	183,447	-	183,447	214,773
Program revenue- adoption related fees	210,250	-	210,250	200,814
Other	853	-	853	1,752
Net assets released from restrictons	14,511	(14,511)	-	-
Total revenues	759,722	1,949	761,671	625,207
EXPENSES				
Program service				
Adoption expenses	276,592	-	276,592	305,995
Pregnancy counseling	131,901	-	131,901	100,954
Supporting expenses				
Management and general	95,728	-	95,728	94,079
Fundraising	111,547	-	111,547	94,000
Cost of direct benefits to donors	16,000	-	16,000	15,500
Total expenses	631,767	-	631,767	610,528
Increase in Net Assets	127,955	1,949	129,904	14,679
Net Assets at Beginning of Year	49,858	14,511	64,369	61,570
Prior period adjustment	-	-	-	(11,880)
Net Assets at End of Year	$ 177,813	$ 16,460	$ 194,273	$ 64,369

See accompanying notes to financial statements.

Miriam's Promise

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	$ 129,904	$ 14,679
To reconcile increase in net assets to net cash used in operating activities		
Depreciation	1,968	7,794
(Increase) decrease in:		
Accounts receivable	1,179	(749)
Pledges receivable	-	-
Prepaid expense	(790)	(5,534)
Increase (decrease) in:		
Accounts payable and accrued expenses	3,105	17,492
NET CASH PROVIDED BY OPERATING ACTIVITIES	135,366	33,682
NET INCREASE IN CASH AND CASH EQUIVALENTS	135,366	33,682
Cash and cash equivalents, beginning of year	110,021	76,339
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 245,387	$ 110,021

See accompanying notes to financial statements.

Miriam's Promise

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2012

	Program Services		Supporting Services			
	Adoption Services	Pregnancy Counseling	Management & General	Fundraising	Direct Benefit to Donors	Total
Salaries and wages	$ 163,750	$ 61,406	$ 51,172	$ 64,818	$ -	$ 341,146
Payroll taxes	12,473	4,677	3,898	4,937	-	25,986
Employee benefits	18,298	6,862	5,718	7,243	-	38,121
	194,521	72,945	60,788	76,998	-	405,253
Advertising	12,009	12,009	-	-	-	24,018
Bad debt	715	-	-	-	-	715
Bank charges	1,841	-	921	922	-	3,684
Special event costs	-	-	-	18,202	16,000	34,202
Contract services	-	-	9,390	-	-	9,390
Depreciation expense	827	492	354	295	-	1,968
Dues and subscriptions	412	413	-	-	-	825
Equipment Rental	3,006	1,503	1,503	1,502	-	7,514
Family aid	-	13,431	-	-	-	13,431
Insurance	7,817	7,817	3,909	-	-	19,543
License and fees	5,662	-	-	-	-	5,662
Maintenance	7,380	4,920	2,635	2,636	-	17,571
Miscellaneous expense	417	415	829	412	-	2,073
Other	1,115	1,115	2,229	1,114	-	5,573
Postage and shipping	1,920	1,920	480	480	-	4,799
Printing and publications	2,484	2,484	622	621	-	6,211
Professional fees	6,363	-	4,515	-	-	10,878
Rent	11,520	4,320	3,600	4,560	-	24,000
Supplies	2,810	2,109	1,055	1,057	-	7,031
Telephone	3,363	2,242	1,201	1,202	-	8,008
Training	1,776	1,184	634	634	-	4,228
Travel and lodging	10,633	2,583	1,063	911	-	15,190
TOTAL EXPENSES	$ 276,592	$ 131,901	$ 95,728	$ 111,547	$ 16,000	$ 631,767

See accompanying notes to financial statement.

Miriam's Promise

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2011

	Program Services		Supporting Services			
	Adoption Services	Pregnancy Counseling	Management & General	Fundraising	Direct Benefits to Donors	Total
Salaries and wages	$ 172,343	$ 44,681	$ 51,064	$ 51,064	-	$ 319,152
Payroll taxes	14,414	3,737	4,271	4,271	-	26,693
Employee benefits	16,217	4,204	4,805	4,805	-	30,031
	202,974	52,622	60,140	60,140	-	375,876
Accredidation	8,400	-	-	-	-	8,400
Advertising	10,854	10,854	-	-	-	21,708
Bad debt	1,358	-	-	-	-	1,358
Bank charges	2,838	-	1,419	1,419	-	5,676
Special fundraising events	-	-	-	19,133	15,500	34,633
Contract services	375	-	6,047	-	-	6,422
Depreciation expense	3,273	2,183	1,169	1,169	-	7,794
Dues and subscriptions	803	804	-	-	-	1,607
	-					-
Equipment rental	3,293	1,646	1,646	1,646	-	8,231
Family aid	-	3,304	-	-	-	3,304
Insurance	7,745	7,745	3,873	-	-	19,363
License and fees	321	-	-	-	-	321
Maintenance	6,351	4,233	2,269	2,269	-	15,122
Miscellaneous expense	288	288	578	287	-	1,442
Other	941	941	1,880	941	-	4,703
						-
Postage and shipping	1,658	1,657	415	415	-	4,145
Printing and publications	2,874	2,874	718	718	-	7,184
Professional fees	28,229	-	7,930	-	-	36,159
Rent	9,030	6,020	3,225	3,225	-	21,500
Supplies	1,748	1,311	656	656	-	4,371
Telephone	2,877	1,918	1,027	1,027	-	6,849
Training	429	286	153	153	-	1,021
Travel and lodging	9,337	2,268	934	800	-	13,339
TOTAL EXPENSES	$ 305,995	$ 100,954	$ 94,079	$ 93,997	$ 15,500	$ 610,528

See accompanying notes to financial statement.

NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

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.

Accounts Receivable
Accounts receivable are stated at the amount that management expects to collect from outstanding balances. The allowance for doubtful accounts is estimated by management based upon an assessment of the current status of individual accounts. Once management determines a balance cannot be collected, it is written off through a charge to the allowance for doubtful accounts.

Contributed Services and Other Non Cash Donations
During the year ended December 31, 2012 and 2011, 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.

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 to support it mission. In 2012 those donations and the related expenses was $4,933.

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.

NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

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

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.

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. Temporarily restricted assets were $16,460 at the end of 2012 and $14,511 at the end of 2011.

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 2012 and 2011.

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.

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, 2012, the Organization's tax returns related to fiscal years ended December 31, 2009 through December 31, 2012 remain open to examination by tax authorities.

NOTES TO FINANCIAL STATEMENTS

December 31, 2012 and 2011

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

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.

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, 2012 and 2011 are $1,303 and $1,303 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:

	2012	2011
Furniture and equipment	$ 34,942	$ 34,942
Leasehold improvements	66,304	66,304
	101,246	101,246
Accumulated depreciation	(97,963)	(95,995)
	$ 3,283	$ 5,251

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 2012 and 2011 is $1,968 and $7,794, respectively.

NOTE D - DESCRIPTION OF LEASING ARRANGEMENTS

The organization leases office space from the Tulip Street United Methodist Church for $2,000 monthly. The new lease was finalized in 2011 in June and gives them the right to renew the lease annually. Total rental expense for the years ended December 31, 2012 and 2011 was $24,000 and $21,500 respectively.

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