

Miriam's Promise

(A Nonprofit Corporation)

Financial Statements

With Independent Accountant's Report Thereon

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

H A Beasley & Company, PC

Certified Public Accountants

Murfreesboro, Tennessee



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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of Miriam's Promise (a nonprofit organization) as of December 31, 2008 and 2007, 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 audit.

We conducted our audit 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 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 audit provides 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, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



October 19, 2009

A Positive Difference Through Professional Accounting Service

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MIRIAM'S PROMISE
Statements of Financial Position
December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash	\$ 94,444	\$ 139,283
Accounts receivable (net) (NOTE C)	47,454	44,472
Promises to give (NOTE D)	3,063	3,337
Current Assets	<u>144,961</u>	<u>187,092</u>
Property and equipment	98,914	91,863
Less: Accumulated depreciation	<u>(56,374)</u>	<u>(38,987)</u>
Book value of property and equipment (NOTE E)	42,540	52,876
TOTAL ASSETS	<u>187,501</u>	<u>239,968</u>
LIABILITIES		
Accounts payable	3,149	2,407
Accrued expenses	39,055	30,717
Current Liabilities	<u>42,204</u>	<u>33,124</u>
TOTAL LIABILITIES	<u>42,204</u>	<u>33,124</u>
NET ASSETS		
Unrestricted		
Undesignated	95,297	156,844
Designated (NOTE B)	50,000	50,000
TOTAL NET ASSETS	<u>145,297</u>	<u>206,844</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 187,501</u>	<u>\$ 239,968</u>

See accompanying notes and independent accountant's report.

MIRIAM'S PROMISE
Statements of Activities
Years ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
UNRESTRICTED NET ASSETS		
Unrestricted revenues and support		
Grants	\$ 20,000	\$ 11,800
Donations	139,473	181,115
Program fees - adoption fees	181,841	196,203
Fundraising	220,163	203,259
Other	2,241	1,337
Investment return	1,069	2,752
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TOTAL UNRESTRICTED REVENUES AND SUPPORT	564,787	596,466
Expenses		
Program Services		
Adoption Services	246,325	239,540
Pregnancy Counseling	108,055	92,069
Supporting services		
Management and general	127,347	116,873
Fundraising	144,607	120,845
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TOTAL EXPENSES	626,334	569,327
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INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	(61,547)	27,139
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INCREASE (DECREASE) IN NET ASSETS	(61,547)	27,139
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Net Assets at Beginning of Year	206,844	179,705
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NET ASSETS AT END OF YEAR	<u>\$ 145,297</u>	<u>\$ 206,844</u>

See accompanying notes and independent accountant's report.

MIRIAM'S PROMISE
Statements of Cash Flows
Years ended December 31, 2007 and 2006

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (61,547)	\$ 27,139
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	17,387	18,199
(Increase) decrease in operating assets:		
Accounts receivable	(2,982)	(13,224)
Promises to give	274	3,523
Prepaid expenses	-	4,335
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	9,080	5,817
TOTAL ADJUSTMENTS	23,759	18,650
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(37,788)	45,789
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(4,856)	(3,246)
Leasehold improvements	(2,195)	(382)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(7,051)	(3,628)
NET INCREASE (DECREASE) IN CASH	(44,839)	42,161
CASH AT THE BEGINNING OF YEAR	139,283	97,122
CASH AT END OF YEAR	\$ 94,444	\$ 139,283

See accompanying notes and independent accountant's report.

MIRIAM'S PROMISE
Statement of Functional Expenses
Year ended December 31, 2008

	Program Services		Supporting Services		Total
	Adoption Services	Pregnancy Counseling	Management & General	Fund-raising	
Compensation and related expenses					
Wages	\$ 166,233	\$ 47,839	\$ 56,549	\$ 60,369	\$ 330,990
Payroll taxes	13,129	3,778	4,466	4,768	26,141
Employee benefits	14,779	4,253	5,028	5,367	29,427
	194,141	55,870	66,043	70,504	386,558
Advertising	8,921	8,920			17,841
Bad Debt Expense	2,827			3,062	5,889
Conferences and events				53,920	53,920
Contract services		1,759			1,759
Family aid		18,825			18,825
License and fees			372		372
Depreciation and amortization			17,387		17,387
Dues and subscriptions			1,463		1,463
Equipment rental	2,381	1,567	1,128	1,190	6,266
Insurance	8,271	5,441	3,918	4,135	21,765
Interest					-
Rent	6,840	4,500	3,240	3,420	18,000
Utilities					-
Maintenance	2,588	1,702	1,226	1,294	6,810
Professional services	3,926		14,192		18,118
Postage	1,341	883	636	671	3,531
Printing	396	260	187	198	1,041
Supplies	2,268	154	4,553		6,975
Telephone	2,890	1,901	1,369	1,445	7,605
Training	1,145	754	543	573	3,015
Travel and lodging	8,390	5,519	3,974	4,195	22,078
Bank charges			2,964		2,964
Other			4,152		4,152
	<u>\$ 246,325</u>	<u>\$ 108,055</u>	<u>\$ 127,347</u>	<u>\$ 144,607</u>	<u>\$ 626,334</u>

See accompanying notes and independent accountant's report.

MIRIAM'S PROMISE
Statement of Functional Expenses
Year ended December 31, 2007

	Program Services		Supporting Services		Total
	Adoption Services	Pregnancy Counseling	Management & General	Fund- raising	
Compensation and related expenses					
Wages	\$ 148,513	\$ 39,460	\$ 48,231	\$ 41,702	\$ 277,906
Payroll taxes	11,653	3,096	3,785	3,274	21,808
Employee benefits	17,995	4,781	5,845	5,054	33,675
	<u>178,161</u>	<u>47,337</u>	<u>57,861</u>	<u>50,030</u>	<u>333,389</u>
Advertising	9,696	9,695			19,391
Bad Debt Expense	2,203				2,203
Conferences and events				53,777	53,777
Contract services		1,981			1,981
Family aid		10,675			10,675
License and fees			360		360
Depreciation and amortization			18,199		18,199
Dues and subscriptions			1,524		1,524
Equipment rental	3,171	2,087	1,502	1,586	8,346
Insurance	9,935	6,536	4,706	4,967	26,144
Interest					-
Rent	6,840	4,500	3,240	3,420	18,000
Utilities	8	5	3	4	20
Maintenance	2,100	1,381	994	1,050	5,525
Professional services	10,106		11,330		21,436
Postage	1,561	1,027	739	781	4,108
Printing	1,373	904	651	686	3,614
Supplies	5,358		3,368	29	8,755
Telephone	1,821	1,198	863	911	4,793
Training	1,384	911	656	692	3,643
Travel and lodging	5,823	3,832	2,759	2,912	15,326
Bank charges			3,413		3,413
Building move			149		149
Other			4,556		4,556
	<u>\$ 239,540</u>	<u>\$ 92,069</u>	<u>\$ 116,873</u>	<u>\$ 120,845</u>	<u>\$ 569,327</u>

See accompanying notes and independent accountant's report.

Miriam's Promise
Notes to Financial Statements
December 31, 2008 and 2007

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 records its transactions on the accrual basis of accounting throughout the year.

Allowance for doubtful accounts

An allowance for doubtful accounts is provided based on estimated collectibility of current receivables.

Contributed Services

During the year ended December 31, 2008 and 2007, 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 fund-raising 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. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.

Miriam's Promise
Notes to Financial Statements
December 31, 2008 and 2007

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.

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 2008 and 2007.

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.

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.

Miriam's Promise
Notes to Financial Statements
December 31, 2008 and 2007

NOTE B—DESIGNATED FUNDS

In December 2003 the Organization's board of directors designated \$50,000 as an endowment fund. Since this restriction is board-designated this fund is included in the unrestricted net assets section.

NOTE C—ACCOUNTS RECEIVABLE

Accounts receivable consist of the following as of December 31:

	<u>2008</u>	<u>2007</u>
Accounts receivable	\$ 49,954	\$ 46,772
Allowance for doubtful accounts	<u>(2,500)</u>	<u>(2,300)</u>
	<u>\$ 47,454</u>	<u>\$ 44,472</u>

NOTE D—PROMISES TO GIVE

The amount of promises to give outstanding as of December 31, 2008 and 2007 are \$3,063 and \$3,337 respectively. All promises to give are due within one year.

NOTE E—PROPERTY AND EQUIPMENT

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

	<u>2008</u>	<u>2007</u>
Furniture and equipment	\$ 32,610	\$ 27,754
Leasehold improvements	66,304	64,109
Accumulated depreciation and amortization	<u>(56,374)</u>	<u>(38,987)</u>
	<u>\$ 42,540</u>	<u>\$ 52,876</u>

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 2008 and 2007 is \$17,387 and \$18,199 respectively.

Miriam's Promise
Notes to Financial Statements
December 31, 2008 and 2007

NOTE F – DESCRIPTION OF LEASING ARRANGEMENTS

The organization leases office space from the Tulip Street United Methodist Church for \$1,500 monthly. They are not obligated under a long term lease with Tulip Street United Methodist Church. However, they have a verbal agreement to occupy the space for a minimum of five years from April 15, 2006. Total rental expense for the years ended December 31, 2008 and 2007 was \$18,000 each year.

Two pieces of office equipment are leased with operating agreements of varying lengths. The future minimum rental payment schedule for the various equipment agreements is as follows:

2009	3,238
2010	3,238
Thereafter	<u>0</u>
Total	\$ <u>6,476</u>

NOTE G—CONCENTRATION OF RISK

The organization is highly dependent on revenues from adoption services as well as charitable contributions from United Methodist Church donors in the middle Tennessee area. If economic conditions worsen or culture changes occur in the service area these funding sources might decrease extensively and the organization would experience serious difficulty in continuing operations.