Miriam's Promise

FINANCIAL STATEMENTS AND

INDEPENDENT AUDITOR'S REPORT

For the Years Ended 2013 and 2012

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Miriam's Promise

STATEMENTS OF FINANCIAL POSITION

December 31, 2013 and 2012

ASSETS		2013		2012
Cash in banks	$	232,467	$	245,387
Accounts receivable (net allowance of $4,265 for 2013 and 2012)		13,354		26,517
Pledges receivable		-		1,303
Prepaid expense		6,090		6,324
Property and equipment		3,972		3,283
Total Assets	$	255,883	$	282,814
LIABILITIES				
Accounts payable and deferred revenue	$	41,959	$	33,917
Accrued expenses		48,067		54,624
Total Liabilities		90,026		88,541
NET ASSETS				
Unrestricted		154,051		177,813
Temporarily restricted		11,806		16,460
		165,857		194,273
Total Liabilities and Net Assets	$	255,883	$	282,814

See accompanying notes to financial statements.

DVF DEMPSEY VANTREASE & FOLLIS PLLC
Certified Public Accountants & Consultants

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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, 2013 and 2012, 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, 2013 and 2012, 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 19, 2014

Miriam's Promise

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2013 and 2012

	Unrestricted	Temporarily Restricted	Total 2013	2012
REVENUES AND SUPPORT				
Contributions	$ 212,254	$ 435	$ 212,689	$ 232,828
Grants	26,653	486	27,139	11,860
Bequests	-	-	-	117,500
In kind contributions	4,485	-	4,485	4,933
Special event revenue	166,574	-	166,574	183,447
Program revenue- adoption related fees	167,534	-	167,534	210,250
Other	860	-	860	853
Net assets released from restrictons	5,575	(5,575)	-	-
Total revenues	583,935	(4,654)	579,281	761,671
EXPENSES				
Program service				
Adoption expenses	259,620	-	259,620	276,591
Pregnancy counseling	128,653	-	128,653	131,902
Supporting expenses				
Management and general	96,734	-	96,734	95,728
Fundraising	106,690	-	106,690	111,546
Cost of direct benefits to donors	16,000	-	16,000	16,000
Total expenses	607,697	-	607,697	631,767
Increase (Decrease) in Net Assets	(23,762)	(4,654)	(28,416)	129,904
Net Assets at Beginning of Year	177,813	16,460	194,273	64,369
Net Assets at End of Year	$ 154,051	$ 11,806	$ 165,857	$ 194,273

See accompanying notes to financial statements.

Miriam's Promise

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2013 and 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	$ (28,416)	$ 129,904
To reconcile increase (decrease) in net assets to net cash used in operating activities		
Depreciation	1,198	1,968
(Increase) decrease in:		
Accounts receivable	13,163	1,179
Pledges receivable	1,303	-
Prepaid expense	234	(790)
Increase (decrease) in:		
Accounts payable and accrued expenses	1,485	3,105
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(11,033)	135,366
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(1,887)	-
NET CASH USED IN INVESTING ACTIVITIES	(1,887)	-
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(12,920)	135,366
Cash and cash equivalents, beginning of year	245,387	110,021
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 232,467	$ 245,387

See accompanying notes to financial statements.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2013

	Program Services		Supporting Services			
	Adoption Services	Pregnancy Counseling	Management & General	Fundraising	Direct Benefit 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 financial statement.

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 Benefits 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	-	25,985
Employee benefits	18,298	6,862	5,718	7,243	-	38,121
	194,521	72,945	60,788	76,998	-	405,252
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	-	4,800
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	$ 276,591	$ 131,902	$ 95,728	$ 111,546	$ 16,000	$ 631,767

See accompanying notes to financial statement.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013 and 2012

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, 2013 and 2012, 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 2013, those donations and the related expenses were $4,485.

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.

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 $11,806 at the end of 2013 and $16,460 at the end of 2012.

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 2013 and 2012.

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, 2013, the Organization's tax returns related to fiscal years ended December 31, 2009 through December 31, 2013 remain open to examination by tax authorities.

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, 2013 and 2012 are $0 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:

	2013	2012
Furniture and equipment	$ 36,829	$ 34,942
Leasehold improvements	66,304	66,304
	103,133	101,246
Accumulated depreciation	(99,161)	(97,963)
	$ 3,972	$ 3,283

Depreciation of equipment is computed over a useful life 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 2013 and 2012 is $1,198 and $1,968, 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 June 2011 and gives them the right to renew the lease annually. Total rental expense for the years ended December 31, 2013 and 2012 was $24,000 and $24,000, respectively.

NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

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

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