

Financial Statements

Man In The Mirror, Inc.

December 31, 2008



Carr, Riggs & Ingram, LLC
1031 West Morse Boulevard
Suite 200
Winter Park, Florida 32789

(407) 644-7455
(407) 628-5277 (fax)
www.cricpa.com

Independent Auditor's Report

The Board of Directors
Man In The Mirror, Inc.
Casselberry, Florida

We have audited the accompanying statements of financial position of Man In The Mirror, Inc. (a nonprofit organization) as of December 31, 2008 and 2007, and the related statements of activities 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 audits. The prior year summarized comparative information has been derived from Man In The Mirror, Inc.'s 2007 financial statements and, in our report dated February 7, 2008, we expressed an unqualified opinion on those financial statements.

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 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 audits provide 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 Man In The Mirror, Inc. 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.

Carr Riggs & Ingram LLC

March 19, 2009

MAN IN THE MIRROR, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2008 AND 2007

ASSETS

	<u>2008</u>	<u>2007</u>
Cash and cash equivalents	\$ 108,338	\$ 302,862
Inventory	231,716	299,494
Furniture and equipment, net	<u>114,003</u>	<u>109,031</u>
	<u>\$ 454,057</u>	<u>\$ 711,387</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	\$ 58,157	\$ 63,254
Unearned revenue	30,867	36,160
Capital lease obligations	<u>69,545</u>	<u>43,000</u>
	<u>158,569</u>	<u>142,414</u>
Net assets:		
Unrestricted	275,694	548,603
Temporarily restricted	<u>19,794</u>	<u>20,370</u>
	<u>295,488</u>	<u>568,973</u>
	<u>\$ 454,057</u>	<u>\$ 711,387</u>

MAN IN THE MIRROR, INC.

STATEMENT OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2008 AND 2007

	Unrestricted	Temporarily Restricted	Totals	
			2008	2007
Revenues and other support:				
Contributions	\$ 1,382,395	\$ 900	\$ 1,383,295	\$ 1,854,458
Resource revenue	1,261,278	-	1,261,278	1,427,080
Event revenue	263,724	-	263,724	301,443
Other revenue	31,434	-	31,434	492
Net assets released from restrictions	1,476	(1,476)	-	-
	<u>2,940,307</u>	<u>(576)</u>	<u>2,939,731</u>	<u>3,583,473</u>
Expenses:				
Program Expenses:				
Resource ministry	1,258,690	-	1,258,690	1,356,275
Leadership Community internet ministry	606,195	-	606,195	696,383
Leadership Training Center	374,350	-	374,350	334,899
Seminars	206,573	-	206,573	204,721
Monthly partner - program	117,026	-	117,026	118,604
Other ministry activities	69,482	-	69,482	43,179
Total program expenses	<u>2,632,316</u>	<u>-</u>	<u>2,632,316</u>	<u>2,754,061</u>
Supporting expenses:				
General and administrative	357,641	-	357,641	376,396
Fund raising	223,259	-	223,259	237,622
Total support services	<u>580,900</u>	<u>-</u>	<u>580,900</u>	<u>614,018</u>
Total expenses	3,213,216	-	3,213,216	3,368,079
Increase (decrease) in net assets, as restated for 2007	<u>(272,909)</u>	<u>(576)</u>	<u>(273,485)</u>	<u>215,394</u>
Net assets at beginning of year	<u>548,603</u>	<u>20,370</u>	<u>568,973</u>	<u>353,579</u>
Net assets at end of year	<u>\$ 275,694</u>	<u>\$ 19,794</u>	<u>\$ 295,488</u>	<u>\$ 568,973</u>

MAN IN THE MIRROR, INC.

STATEMENTS OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Changes in net assets	\$ (273,485)	\$ 215,394
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	26,356	26,940
Noncash contributions	-	(15,938)
Changes in operating assets and liabilities:		
Decrease (increase) in inventory	67,778	(47,813)
Decrease in accounts payable and accrued expenses	(5,097)	(81,067)
Decrease in unearned revenue	(5,293)	(9,631)
Total adjustments	<u>83,744</u>	<u>(127,509)</u>
Net cash provided (used) by operating activities	<u>(189,741)</u>	<u>87,885</u>
Cash flows from investing activities:		
Proceeds from sales of investments	-	15,938
Purchases of furniture and equipment	<u>(4,783)</u>	<u>(31,408)</u>
Net cash used by investing activities	<u>(4,783)</u>	<u>(15,470)</u>
Net increase (decrease) in cash and cash equivalents	(194,524)	72,415
Balance, beginning of year	<u>302,862</u>	<u>230,447</u>
Balance, end of year	<u>\$ 108,338</u>	<u>\$ 302,862</u>

MAN IN THE MIRROR, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2008 AND 2007

1. Nature of activities:

Man In The Mirror, Inc. (the "Organization") is a not-for-profit Florida corporation. The Organization is dedicated to spreading the Christian gospel and accomplishes its mission primarily through the dissemination of Christian literature, Leadership Community, Leadership Training Center (a program outreach directed at men's discipleship and evangelism), as well as speaking engagements, worship meetings, seminars, and other ministry activities. The Organization is based in Casselberry, Florida.

2. Summary of significant accounting policies:

Restricted and unrestricted revenue and support:

Contributions received are recorded as unrestricted or temporarily restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily restricted net assets. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as "net assets released from restrictions."

Cash and cash equivalents:

The Organization considers all investment instruments purchased or donated with original maturities of three months or less to be cash equivalents.

Inventory:

Inventory is stated at the lower of cost or market value and includes the shipping costs of inventory received.

Furniture and equipment:

Furniture and equipment are carried at cost. Depreciation is provided on the straight-line basis over the assets' estimated useful lives, which are generally between 3-7 years.

Unearned revenue:

Unearned revenue consists primarily of event fees collected in advance of the related event.

Income taxes:

The Organization is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code and from state income tax pursuant to Florida law. As a result, no income tax provision or liability has been proved for in the accompanying financial statements. The Organization has not incurred unrelated business income taxes.

MAN IN THE MIRROR, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED DECEMBER 31, 2008 AND 2007

2. Summary of significant accounting policies - continued:

Use of estimates:

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include those related to determining the useful lives of furniture and equipment. Actual results could differ from the estimates.

Reclassifications:

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation.

Advertising costs:

Costs of advertising are expensed as incurred. Advertising expense was approximately \$50,000 and \$60,000 for the years ended December 31, 2008 and 2007, respectively.

Restatement:

The accompanying financial statements for 2007 have been restated to correct an expense that was under accrued in 2007. The effect of the restatement was to decrease net assets for 2007 by \$26,859.

3. Concentration of credit risk:

The Organization maintains its cash and cash equivalents in deposit accounts which may not be federally insured, may exceed federally insured limits, or may be insured by an entity other than an agency of the federal government. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

4. Furniture and equipment:

Furniture and equipment consisted of the following:

	<u>2008</u>	<u>2007</u>
Office furniture and equipment	\$ 154,832	\$ 161,427
Computer equipment and software	<u>216,366</u>	<u>316,773</u>
	371,198	478,200
Less: accumulated depreciation	<u>(257,195)</u>	<u>(369,169)</u>
Net furniture and equipment	<u>\$ 114,003</u>	<u>\$ 109,031</u>

Depreciation expense amounted to \$26,356 and \$26,940 for 2008 and 2007, respectively.

MAN IN THE MIRROR, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED DECEMBER 31, 2008 AND 2007

5. Capital lease obligations:

In 2006, the Organization entered into a non-cancelable capital lease agreement for the purchase of copiers. Required monthly payments on this lease totaled \$9,444 for the years ended December 31, 2008 and 2007, respectively. The Organization is currently disputing the lease agreement since the copiers delivered did not function properly. No payments were made on the lease in 2008 or 2007. Since the copiers were not operable, they were not depreciated for the years ended December 31, 2008 and 2007. Gross amounts of office equipment and related accumulated depreciation recorded under the capital lease are as follows as of December 31:

	<u>2008</u>	<u>2007</u>
Office furniture and equipment	\$ 43,000	\$ 43,000
Less: accumulated depreciation	<u>-</u>	<u>-</u>
	<u>\$ 43,000</u>	<u>\$ 43,000</u>

The following is a schedule of future minimum lease payments under the capital lease agreement, together with the present value of the net minimum lease payments as of December 31:

2009	\$ 28,332
2010	9,444
2011	9,444
2012	<u>2,362</u>
Total minimum lease payments	49,582
Less: amount representing interest	<u>(6,582)</u>
Present value of net minimum lease payments	43,000
Less: current maturities	<u>(23,051)</u>
	<u>\$ 19,949</u>

In 2008, the Organization entered into a non-cancelable capital lease agreement for the purchase of a copier. Required monthly payments on this lease are \$598 and the total lease expense for this lease totaled \$5,382 for the year ended December 31, 2008. Gross amounts of office equipment and related accumulated depreciation recorded under the capital lease are as follows as of December 31:

	<u>2008</u>	<u>2007</u>
Office furniture and equipment	\$ 26,545	\$ -
Less: accumulated depreciation	<u>(1,991)</u>	<u>-</u>
	<u>\$ 28,536</u>	<u>\$ -</u>

MAN IN THE MIRROR, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED DECEMBER 31, 2008 AND 2007

5. Capital lease obligations – continued:

The following is a schedule of future minimum lease payments under the capital lease agreement, together with the present value of the net minimum lease payments as of December 31:

2009	\$ 5,382
2010	7,176
2011	7,176
2012	7,176
2013	7,176
2014	<u>3,588</u>
Total minimum lease payments	37,674
Less: amount representing interest	<u>(11,129)</u>
Present value of net minimum lease payments	26,545
Less: current maturities	<u>(2,710)</u>
	<u>\$ 23,835</u>

6. Temporarily restricted net assets:

Net assets at December 31, 2008 and 2007, were temporarily restricted for Leadership Training Center scholarships.

7. Leases:

The Organization is a party to an operating lease for office space which expires on December 31, 2009. With proper notice, the Organization may terminate the lease effective December 31, 2008 or December 31, 2009. The lease calls for approximate monthly payments of \$9,000. In addition, the Organization leases a copier machine for \$420 a month on a month-to-month lease. The Organization also leases a postage machine with monthly payments of \$132 through July 2011. Rent expense related to all operating leases was approximately \$114,000 and \$107,000 for 2008 and 2007.

8. Retirement plan:

The Organization participates in a defined contribution 401(k) retirement plan (the "Plan"). Employees are eligible to participate in the Plan upon completing six months of service, as defined in the Plan document. Eligible employees may make salary deferral contributions to the Plan. Additionally, the Organization may make discretionary matching contributions to the Plan. Employees vest in employer contributions over a six-year graded period. Employer contributions to the Plan were \$26,574 and \$28,478 for 2008 and 2007, respectively.

MAN IN THE MIRROR, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED DECEMBER 31, 2008 AND 2007

9. Supplemental disclosures of cash flow information:

Cash was paid during the year for:

	<u>2008</u>	<u>2007</u>
Interest	<u>\$ -</u>	<u>\$ -</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>

Non-cash investing and financing activities:

The Company entered into a capital lease for a copier with a cost of \$26,545 for the year ended December, 31 2008. (see Note 5.)

The Company entered into a capital lease for copiers with a cost of \$43,000 for the year ended December, 31 2007. (See Note 5.)