

# Man in the Mirror, Inc.

## FINANCIAL STATEMENTS

December 31, 2014 and 2013



**CRI** CARR  
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## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors  
Man in the Mirror, Inc.  
Casselberry, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Man in the Mirror, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2014, and the related statements of activities and cash flows for the year 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 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 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 Man in the Mirror, Inc. as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Report on Summarized Comparative Information

We have previously audited Man in the Mirror, Inc.'s 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 14, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in blue ink that reads "CARR RIGGS & INGRAM, LLC".

CARR, RIGGS & INGRAM, LLC

Orlando, Florida  
March 11, 2015

**Man in the Mirror, Inc.**  
**Statements of Financial Position**

<i>December 31,</i>	<b>2014</b>	2013
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,261,370	\$ 829,497
Contributions in transit	37,220	-
Inventory	197,739	223,467
Furniture and equipment, net	39,593	35,197
<b>Total assets</b>	<b>\$ 1,535,922</b>	<b>\$ 1,088,161</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 184,310	\$ 69,974
Unearned revenue	25,266	30,607
Capital lease obligation	11,119	15,123
<b>Total liabilities</b>	<b>220,695</b>	<b>115,704</b>
<b>Net assets</b>		
Unrestricted	566,049	484,416
Temporarily restricted	749,178	488,041
<b>Total net assets</b>	<b>1,315,227</b>	<b>972,457</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,535,922</b>	<b>\$ 1,088,161</b>

*See accompanying notes to financial statements.*

**Man in the Mirror, Inc.**  
**Statements of Activities**

<i>For the years ended December 31,</i>			2014	2013 (Summarized)
	Unrestricted	Temporarily Restricted	Total	Total
<b>Revenues and other support</b>				
Contributions	\$ 2,818,800	\$ 301,658	<b>\$ 3,120,458</b>	\$ 2,503,715
Resource revenue	394,810	-	<b>394,810</b>	406,568
Event revenue	243,162	-	<b>243,162</b>	232,456
Other revenue	5,448	-	<b>5,448</b>	40,142
Net assets released from restrictions	40,521	(40,521)	-	-
<b>Total revenues and other support</b>	<b>3,502,741</b>	<b>261,137</b>	<b>3,763,878</b>	<b>3,182,881</b>
<b>Expenses</b>				
Program expenses				
Resource ministry	547,513	-	<b>547,513</b>	508,843
Leadership Community	1,891,475	-	<b>1,891,475</b>	1,553,375
Leadership Training Center	231,755	-	<b>231,755</b>	229,613
Seminars	121,605	-	<b>121,605</b>	95,471
Monthly partner - program	51,271	-	<b>51,271</b>	48,604
Other ministry activities	105,071	-	<b>105,071</b>	104,955
Total program expenses	2,948,690	-	<b>2,948,690</b>	2,540,861
Supporting expenses				
General and administrative	305,100	-	<b>305,100</b>	284,091
Fund raising	167,318	-	<b>167,318</b>	174,491
Total support services	472,418	-	<b>472,418</b>	458,582
<b>Total expenses</b>	<b>3,421,108</b>	<b>-</b>	<b>3,421,108</b>	<b>2,999,443</b>
<b>Increase in net assets</b>	<b>81,633</b>	<b>261,137</b>	<b>342,770</b>	<b>183,438</b>
<b>Net assets at beginning of year</b>	<b>484,416</b>	<b>488,041</b>	<b>972,457</b>	<b>789,019</b>
<b>Net assets at end of year</b>	<b>\$ 566,049</b>	<b>\$ 749,178</b>	<b>\$ 1,315,227</b>	<b>\$ 972,457</b>

*See accompanying notes to financial statements.*

**Man in the Mirror, Inc.**  
**Statements of Cash Flows**

<i>For the years ended December 31,</i>	<b>2014</b>	2013
<b>Cash flows from operating activities</b>		
Changes in net assets	\$ 342,770	\$ 183,438
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	6,212	5,867
Decrease (increase) in Contributions in transit	(37,220)	-
Inventory	25,728	6,619
Increase (decrease) in Accounts payable and accrued expenses	114,336	17,156
Unearned revenue	(5,341)	5,137
Total adjustments	103,715	34,779
Net cash provided by operating activities	446,485	218,217
<b>Cash flows from investing activities</b>		
Purchases of furniture and equipment and net cash used by investing activities	(10,608)	-
<b>Cash flows from financing activities</b>		
Payments on capital lease obligation and net cash used by financing activities	(4,004)	(3,120)
<b>Net increase in cash and cash equivalents</b>	<b>431,873</b>	215,097
<b>Balance, beginning of year</b>	<b>829,497</b>	614,400
<b>Balance, end of year</b>	<b>\$ 1,261,370</b>	\$ 829,497

*See accompanying notes to financial statements.*

**NOTE 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 through a resource ministry, 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.

**NOTE 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 statement of activities as "net assets released from restrictions."

***Basis of Presentation***

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, the comparative information presented should be read in conjunction with the Organization's financial statements for the year ended December 31, 2013, from which the summarized information was derived.

***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.

***Contributions in Transit***

Contributions in transit are expected to be realized within one month from the statement of financial position date. As of December 31, 2014, contributions in transit consisted of unrestricted gifts of cash totaling \$37,220 that were postmarked, but not received and deposited as of year-end.



**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Inventory***

Inventory, consisting of books, CDs and DVDs, workbooks, and gifts and apparel, is accounted for at the lower of cost or market value on a first in-first out basis and includes the shipping costs of inventory received.

***Furniture and Equipment***

Furniture and equipment are carried at cost or fair value, if donated. Depreciation is provided on the straight-line basis over the assets' estimated useful lives, which are generally between 3-10 years. Additions and betterments are capitalized, while maintenance and repairs that do not improve or extend the lives of the respective assets are expensed currently. It is the Organization's policy to capitalize property and equipment with a cost or estimated fair value over \$5,000 at the date of gift or purchase.

***Unearned Revenue***

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

***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 provided for in the accompanying financial statements. The Organization has not incurred unrelated business income taxes.

The Organization has not recognized any respective liability for unrecognized tax benefits as it has no known tax positions that would subject the Organization to any material income tax exposure. A reconciliation of the beginning and ending amount of unrecognized tax benefit is not included, nor is there any interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses as there are no unrecognized tax benefits. All tax years remain subject to examination for all major tax jurisdictions.

***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 and the functional allocation of expenses. Actual results could differ from the estimates.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Advertising Costs***

Costs of advertising are expensed as incurred. Advertising expense was approximately \$45,900 and \$71,800 for the years ended December 31, 2014 and 2013, respectively.

**NOTE 3: FURNITURE AND EQUIPMENT**

Furniture and equipment consisted of the following:

<i>December 31,</i>	<b>2014</b>	2013
Office furniture and equipment	\$ 88,095	\$ 88,095
Computer equipment and software	<b>108,748</b>	115,768
	<b>196,843</b>	203,863
Less: accumulated depreciation	<b>(157,250)</b>	(168,666)
<b>Net furniture and equipment</b>	<b>\$ 39,593</b>	<b>\$ 35,197</b>

Depreciation expense amounted to \$6,212 and \$5,867 for 2014 and 2013, respectively.

**NOTE 4: CAPITAL LEASE OBLIGATION**

In 2011, the Organization entered into a non-cancelable capital lease agreement for office equipment. Required monthly payments on the lease are \$615 through November 2016.

Gross amounts of office equipment and related accumulated depreciation recorded under the capital lease obligation are as follows:

<i>December 31,</i>	<b>2014</b>	2013
Furniture and equipment	\$ 20,850	\$ 20,850
Less: accumulated depreciation	<b>(6,603)</b>	(4,518)
	<b>\$ 14,247</b>	<b>\$ 16,332</b>

**NOTE 4: CAPITAL LEASE OBLIGATION (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 for the years ending December 31:

2015	\$	7,376
2016		6,761
Total minimum lease payments		14,137
Less: amount representing interest		3,018
Present value of net minimim lease payments		\$ 11,119

**NOTE 5: TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at December 31, 2014 and 2013 were restricted by donors for the following purposes:

	<b>2014</b>	2013
Leadership Community	\$ 748,526	\$ 482,712
Resource ministry	552	5,329
Other ministry activities	100	-
	<b>\$ 749,178</b>	<b>\$ 488,041</b>

**NOTE 6: OPERATING LEASES**

The Organization entered into an operating lease for office space. With proper notice, the Organization has options to terminate the lease at June 30, 2016 for a termination fee. The lease calls for approximate monthly payments of \$5,800 through December 2016. The Organization also leased a postage machine with monthly payments of \$199 through October 2014. This lease was renewed in August with monthly payments of \$146 through July 2018. Lease expense related to all operating leases was approximately \$73,600 and \$70,700 for 2014 and 2013.

**NOTE 6: OPERATING LEASES (Continued)**

The following is a schedule of future minimum lease payments under these operating lease agreements as of December 31:

2015	\$	67,494
2016		54,458
2017		1,752
2018		1,022
<b>Total minimum lease payments</b>		<b>124,726</b>

**NOTE 7: 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 \$33,985 and \$24,542 for 2014 and 2013, respectively.

**NOTE 8: CONCENTRATIONS**

The Organization maintains cash and cash equivalent deposits at banks and other financial institutions. Cash deposits in the banks, at times, exceed federally insured limits. Cash equivalent deposits in other financial institutions are not federally insured. The Organization has not experienced any losses in its cash and cash equivalents, and believes that there is no significant risk with respect to these deposits.

One of the Organization's major donor's contributions totaled \$450,000, or approximately 18% of total contributions for 2013. No donor concentrations were identified for 2014.

**NOTE 9: SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION**

Cash was paid during the year for:

	<b>2014</b>	2013
Interest	\$ 3,372	\$ 4,256
Income taxes	\$ -	\$ -

**NOTE 10: SUBSEQUENT EVENTS**

Subsequent events were evaluated through the date the financial statements were available to be issued. The financial statements were approved and authorized for issue by management on March 11, 2015.