

Man in the Mirror, Inc.

FINANCIAL STATEMENTS

December 31, 2015 and 2014



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INDEPENDENT AUDITORS' REPORT

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

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, 2015, 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, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance 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 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 11, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Orlando, Florida
April 12, 2016

Man in the Mirror, Inc.
Statements of Financial Position

December 31,	2015	2014
ASSETS		
Cash and cash equivalents	\$ 1,257,973	\$ 1,261,370
Contributions in transit	73,794	37,220
Other assets	55,856	-
Inventory	192,575	197,739
Cash held for long-term purposes	152,180	-
Furniture and equipment, net	33,593	39,593
Total assets	\$ 1,765,971	\$ 1,535,922
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 117,157	\$ 184,310
Unearned revenue	26,145	25,266
Capital lease obligation	5,980	11,119
Total liabilities	149,282	220,695
Net assets		
Unrestricted	421,149	566,049
Temporarily restricted	1,195,540	749,178
Total net assets	1,616,689	1,315,227
Total liabilities and net assets	\$ 1,765,971	\$ 1,535,922

See accompanying notes to financial statements.

Man in the Mirror, Inc.
Statement of Activities

<i>For the years ended December 31,</i>			2015	2014 (Summarized)
	Unrestricted	Temporarily Restricted	Total	Total
Revenues and other support				
Contributions	\$ 2,758,756	\$ 560,451	\$ 3,319,207	\$ 3,120,458
Resource revenue	323,201	-	323,201	394,810
Event revenue	186,685	-	186,685	243,162
Other revenue	6,866	-	6,866	5,448
Net assets released from restrictions	114,089	(114,089)	-	-
Total revenues and other support	3,389,597	446,362	3,835,959	3,763,878
Expenses				
Program expenses				
Resource ministry	312,273	-	312,273	547,513
Leadership Community	2,146,934	-	2,146,934	1,891,475
Leadership Training Center	193,197	-	193,197	231,755
Seminars	194,775	-	194,775	121,605
Monthly partner - program	65,451	-	65,451	51,271
Other ministry activities	193,313	-	193,313	105,071
Total program expenses	3,105,943	-	3,105,943	2,948,690
Supporting expenses				
General and administrative	236,916	-	236,916	305,100
Fund raising	191,638	-	191,638	167,318
Total support services	428,554	-	428,554	472,418
Total expenses	3,534,497	-	3,534,497	3,421,108
Increase (decrease) in net assets	(144,900)	446,362	301,462	342,770
Net assets at beginning of year	566,049	749,178	1,315,227	972,457
Net assets at end of year	\$ 421,149	\$ 1,195,540	\$ 1,616,689	\$ 1,315,227

See accompanying notes to financial statements.

Man in the Mirror, Inc.
Statements of Cash Flows

<i>For the years ended December 31,</i>	2015	2014
Cash flows from operating activities		
Changes in net assets	\$ 301,462	\$ 342,770
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	6,000	6,212
Decrease (increase) in Contributions in transit	(36,574)	(37,220)
Other assets	(55,856)	-
Inventory	5,164	25,728
Increase (decrease) in Accounts payable and accrued expenses	(67,153)	114,336
Unearned revenue	879	(5,341)
Total adjustments	(147,540)	103,715
Net cash provided by operating activities	153,922	446,485
Cash flows from investing activities		
Purchases of furniture and equipment and net cash used by investing activities	-	(10,608)
Cash flows from financing activities		
Payments on capital lease obligation and net cash used by financing activities	(5,139)	(4,004)
Net increase in cash and cash equivalents and cash held for long-term purposes	148,783	431,873
Balance, beginning of year	1,261,370	829,497
Balance, end of year	\$ 1,410,153	\$ 1,261,370

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, 2014, 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. Cash held for long-term purposes is included with cash and cash equivalents for cash flow presentation purposes.

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, 2015 and 2014, contributions in transit consisted of unrestricted gifts of cash totaling \$73,794 and \$37,220, respectively, 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.

Cash Held for Long-Term Purposes

Cash held for long-term purposes consist of cash and cash equivalents restricted for the purchase of a new building and for improvements and debt payments on the building. (See Note 10.)

Furniture and Equipment

Furniture and equipment are carried at depreciated cost or fair value at the time of donation, 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 and a useful life of over 1 year.

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.

Advertising Costs

Costs of advertising are expensed as incurred. Advertising expense was approximately \$25,600 and \$45,900 for the years ended December 31, 2015 and 2014, respectively.

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

NOTE 3: FURNITURE AND EQUIPMENT

Furniture and equipment consisted of the following:

<i>December 31,</i>	2015	2014
Office furniture and equipment	\$ 88,095	\$ 88,095
Computer equipment and software	108,748	108,748
	196,843	196,843
Less: accumulated depreciation	(163,250)	(157,250)
Furniture and equipment, net	\$ 33,593	\$ 39,593

Depreciation expense amounted to \$6,000 and \$6,212 for 2015 and 2014, 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>	2015	2014
Furniture and equipment	\$ 20,850	\$ 20,850
Less: accumulated depreciation	(8,688)	(6,603)
	\$ 12,162	\$ 14,247

Man in the Mirror, Inc.
Notes to Financial Statements

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:

2016	\$	6,761
Total minimum lease payments		6,761
Less: amount representing interest		781
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Present value of net minimum lease payments	\$	5,980

NOTE 5: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2015 and 2014, were restricted by donors for the following purposes:

	2015	2014
Leadership community	\$ 1,023,360	\$ 748,526
Building fund	152,180	-
Resource ministry	-	552
Other ministry activities	20,000	100
<hr/>		
	\$ 1,195,540	\$ 749,178

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 monthly payments of approximately \$5,800 through December 2016. The Organization also leased a postage machine with monthly payments of \$146 through July 2018. Lease expense related to all operating leases was approximately \$65,700 and \$73,600 for 2015 and 2014.

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

2016	\$	54,458
2017		1,752
2018		1,022
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Total minimum lease payments	\$	57,232

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 approximately \$37,100 and \$34,000 for 2015 and 2014, 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.

NOTE 9: SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash was paid during the year for:

	2015	2014
Interest	\$ 2,237	\$ 3,372
Income taxes	\$ -	\$ -

NOTE 10: SUBSEQUENT EVENTS

On March 4, 2016, the Organization purchased a building for approximately \$1,037,500. The building purchase was financed partially by a construction loan, whereas \$766,948 was borrowed to purchase the building and up to \$112,500 of the loan is available to use for renovations to the building. The loan has a fixed interest rate of 4.5% per year. Interest only payments are to be made monthly through December 2016 followed by monthly interest and principal payments of \$5,713 through March 2036. A balloon payment relative to all unpaid interest and principal is due on that date. The note is collateralized by a mortgage on the property. The mortgage note is subject to certain prepayment fees and covenants.

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 April 12, 2016.