

MAN IN THE MIRROR, INC.

Financial Statements

December 31, 2012

MAN IN THE MIRROR INC.

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Years Ended December 31, 2012 and 2011

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Other Matter

We have previously audited Man In The Mirror, Inc.'s 2011 financial statements, and our report dated March 2, 2011, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011, is consistent, in all material aspects, with the audited financial statements from which it has been derived.

Cam Riggs, INGRAM LLC

Orlando, Florida
April 4, 2013

MAN IN THE MIRROR, INC.

Statements of Financial Position

December 31, 2012 and 2011

	2012	2011
ASSETS		
Cash and cash equivalents	\$ 614,400	\$ 428,109
Inventory	230,086	248,235
Furniture and equipment, net	41,064	40,489
Total assets	<u>\$ 885,550</u>	<u>\$ 716,833</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 52,818	\$ 104,725
Unearned revenue	25,470	24,967
Capital lease obligations	18,243	20,674
Total liabilities	<u>96,531</u>	<u>150,366</u>
Net assets		
Unrestricted	517,194	501,400
Temporarily restricted	271,825	65,067
Total net assets	<u>789,019</u>	<u>566,467</u>
Total liabilities and net assets	<u>\$ 885,550</u>	<u>\$ 716,833</u>

See accompanying notes to financial statements.

MAN IN THE MIRROR, INC.

Statement of Activities

December 31, 2012

(with comparative totals for 2011)

	Unrestricted	Temporarily Restricted	Totals	
			2012	2011
Revenues and other support				
Contributions	\$ 1,799,648	\$ 273,324	\$ 2,072,972	\$ 1,484,794
Resource revenue	509,350	-	509,350	676,495
Event revenue	140,417	-	140,417	145,666
Other revenue	30,088	-	30,088	22,973
Net assets released from restrictions	66,566	(66,566)	-	-
Total revenues and other support	2,546,069	206,758	2,752,827	2,329,928
Expenses				
Program expenses				
Resource ministry	581,193	-	581,193	622,215
Leadership Community	951,849	-	951,849	506,611
Leadership Training Center	245,807	-	245,807	249,008
Seminars	127,549	-	127,549	140,958
Monthly partner - program	58,110	-	58,110	63,225
Other ministry activities	102,514	-	102,514	97,903
Total program expenses	2,067,022	-	2,067,022	1,679,920
Supporting expenses				
General and administrative	291,839	-	291,839	235,211
Fund raising	171,414	-	171,414	171,774
Total support services	463,253	-	463,253	406,985
Total expenses	2,530,275	-	2,530,275	2,086,905
Increase in net assets	15,794	206,758	222,552	243,023
Net assets at beginning of year	501,400	65,067	566,467	323,444
Net assets at end of year	\$ 517,194	\$ 271,825	\$ 789,019	\$ 566,467

See accompanying notes to financial statements.

MAN IN THE MIRROR, INC.

Statements of Cash Flows

December 31, 2012 and 2011

	2012	2011
Cash flows from operating activities		
Changes in net assets	\$ 222,552	\$ 243,023
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	8,520	10,788
Loss on disposal of assets	-	19,802
Decrease in		
Inventory	18,149	56,848
Increase (decrease) in		
Accounts payable and accrued expenses	(51,907)	52,606
Unearned revenue	503	(11,718)
Total adjustments	(24,735)	128,326
Net cash provided by operating activities	197,817	371,349
Cash flows from investing activities		
Purchases of furniture and equipment and Net cash used by investing activities	(9,095)	-
Cash flows from financing activities		
Payments on note payable	-	(27,317)
Payments on capital lease obligation	(2,431)	(4,859)
Net cash used by financing activities	(2,431)	(32,176)
Net increase in cash and cash equivalents	186,291	339,173
Balance, beginning of year	428,109	88,936
Balance, end of year	\$ 614,400	\$ 428,109

See accompanying notes to financial statements.

MAN IN THE MIRROR, INC.

Notes to Financial Statements

For the Years Ended December 31, 2012 and 2011

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, 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, 2011, 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.

INVENTORY - Inventory is accounted for on a first in-first out basis and 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 3-10 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 \$1,000 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.

MAN IN THE MIRROR, INC.

Notes to Financial Statements

For the Years Ended December 31, 2012 and 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES (CONTINUED) - 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. The tax years that remain subject to examination are the periods beginning January 1, 2009 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.

ADVERTISING COSTS - Costs of advertising are expensed as incurred. Advertising expense was approximately \$70,500 and \$31,500 for the years ended December 31, 2012 and 2011, respectively.

NOTE 3 – FURNITURE AND EQUIPMENT

Furniture and equipment consisted of the following at December 31:

	2012	2011
Office furniture and equipment	\$ 88,095	\$ 88,095
Computer equipment and software	115,768	106,673
	203,863	194,768
Less: accumulated depreciation	(162,799)	(154,279)
Net furniture and equipment	\$ 41,064	\$ 40,489

Depreciation expense amounted to \$8,520 and \$10,788 for 2012 and 2011, respectively.

NOTE 4 – NOTE PAYABLE

The Organization entered into a \$32,000 non-interest bearing note payable in January 2011 as a result of a settlement on a copier lease (see Note 5). The note was payable in monthly installments of \$762, commencing on January 15, 2011. The settlement was amended in 2011 and approximately \$4,600 of debt was relieved. The note was paid in full in 2011.

MAN IN THE MIRROR, INC.

Notes to Financial Statements

For the Years Ended December 31, 2012 and 2011

NOTE 5 – CAPITAL LEASE OBLIGATIONS

In 2006, the Organization entered into a non-cancelable capital lease agreement for the purchase of copiers. The Organization disputed the lease agreement because the copiers did not function properly. No payments were made on the lease. In 2010, a complaint was filed against the Organization and a settlement was reached on January 11, 2011 with the Organization entering into a note payable. The capital lease was removed and replaced by the note payable at December 31, 2010. (See Note 4 for details of note payable.) The note was paid in full in 2011.

In 2011, the Organization entered into a non-cancelable capital lease agreement for a copier. 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 obligations are as follows as of December 31:

	2012	2011
Office equipment	\$ 20,850	\$ 20,850
Less: accumulated depreciation	(2,433)	(348)
	<u>\$ 18,417</u>	<u>\$ 20,502</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:

2013	\$ 7,376
2014	7,376
2015	7,376
2016	6,761
Total minimum lease payments	<u>28,889</u>
Less: amount representing interest	<u>(10,646)</u>
Present value of net minimum lease payments	18,243
Less: current maturities	<u>(9,807)</u>
	<u>\$ 8,436</u>

NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS

Net assets at December 31, 2012 were temporarily restricted by donors for Leadership Community and the Resources Ministry. Net assets at December 31, 2011 were temporarily restricted by donors for Leadership Community and development of the new Area Directors program.

MAN IN THE MIRROR, INC.

Notes to Financial Statements

For the Years Ended December 31, 2012 and 2011

NOTE 7 – LEASES

The Organization entered into an operating lease for office space. With proper notice, the Organization has options to terminate the lease twice per year for a termination fee. The lease calls for approximate monthly payments of \$5,630 through December 2013. The Organization also leases a postage machine with monthly payments of \$199 through October 2014. Lease expense related to all operating leases was approximately \$70,500 and \$64,500 for 2012 and 2011.

NOTE 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. For part of 2011, the Organization decided to forgo matching employee contributions to the Plan in an effort to save money. Employer contributions to the Plan were \$20,152 and \$5,973 for 2012 and 2011, respectively.

NOTE 9 – 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 donor's contributions totaled \$760,000, or approximately 37% of the total contributions for 2012 and two major donors' contributions totaled \$400,000, or approximately 27% of total contributions for 2011.

NOTE 10 – SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash was paid during the year for:

	2012	2011
Interest	\$ 4,945	\$ 2,095
Income taxes	\$ -	\$ -

Non-cash investing and financing transactions:

For the year ended December 31, 2011, the Organization entered into a capital lease obligation of \$20,850 related to the acquisition of a copier.

MAN IN THE MIRROR, INC.

Notes to Financial Statements

For the Years Ended December 31, 2012 and 2011

NOTE 11 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through April 4, 2013 which represents the date the financial statements were issued.