

THE COMMITTEE FOR MISSING CHILDREN, INC.

LAWRENCEVILLE, GEORGIA

FINANCIAL STATEMENTS

AUGUST 31, 2013



Certified Public Accountants and Advisors

Members:
American Institute of Certified Public Accountants
Georgia Society of Certified Public Accountants

1770 Indian Trail Road Suite 200
P.O. Box 931658
Norcross, GA 30003-1658

INDEPENDENT AUDITOR'S REPORT

To the Executive Committee of the Board of Directors
The Committee for Missing Children, Inc.
Lawrenceville, Georgia

We have audited the accompanying consolidated statement of financial position of The Committee for Missing Children, Inc. (a not-for-profit organization) as of August 31, 2013, and the related consolidated statements of activities and cash flows for the year 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 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 of material misstatements. 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 audit provides 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 The Committee for Missing Children, Inc. as of August 31, 2013, and the changes in net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Lyon CPA's".

Lyon CPA's, P.C.
Certified Public Accountants

Norcross, Georgia
January 8, 2014

THE COMMITTEE FOR MISSING CHILDREN, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2013

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	<u>104,150</u>
Total Current Assets		104,150

PROPERTY AND EQUIPMENT

Furniture and fixtures	\$	7,143
Machinery and equipment		19,478
Computer software		3,072
Computer hardware		<u>19,032</u>
Total		48,725
Less: Accumulated depreciation		<u>45,697</u> 3,028

OTHER ASSETS

Deposits		<u>1,424</u>
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TOTAL ASSETS	\$	<u><u>108,602</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	55,462
Accrued fundraising		135,451
Accrued expenses		<u>4,899</u>
Total Current Liabilities		<u>195,812</u>

Total Liabilities		196,036
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NET ASSETS (deficit)

Unrestricted		<u>(87,210)</u>
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TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>108,602</u></u>
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The accompanying Notes to Financial Statements are an integral part of this statement.

THE COMMITTEE FOR MISSING CHILDREN, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2013

CHANGES IN UNRESTRICTED NET ASSETS

Revenues and Gains:		
Fundraising revenues	\$	1,879,419
Other cash donations		14,651
Investment income		<u>117</u>
Total Unrestricted Revenues and Gains		1,894,187
Expenses:		
Photo distribution	\$	9,605
Parent advocacy		116,658
Information database		52,318
Safety		7,155
International operations		40,140
Management and operations		<u>46,641</u>
Total Program Expenses		272,517
Fundraising expenses		<u>1,687,405</u> <u>1,959,922</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS		(65,735)
FOREIGN CURRENCY TRANSLATION GAIN		114
NET ASSETS AT BEGINNING OF YEAR		<u>(21,589)</u>
NET ASSETS AT END OF YEAR	\$	<u><u>(87,210)</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

THE COMMITTEE FOR MISSING CHILDREN, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$	(65,621)
Increase in net assets due to foreign exchange valuation	\$	(114)
Adjustment to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation and amortization	921	
Change in:		
Accounts payable	2,068	
Accrued fundraising	(20,412)	
Accrued expenses	<u>22</u>	<u>(17,515)</u>
NET CASH USED IN OPERATING ACTIVITIES		(83,136)
CASH FLOWS FROM INVESTING ACTIVITIES		
Foreign exchange rate gain	114	
Increase in fixed assets	<u>(1,530)</u>	
NET CASH USED BY INVESTING ACTIVITIES		<u>(1,416)</u>
NET DECREASE IN CASH		(84,552)
CASH AND CASH EQUIVALENTS, SEPTEMBER 1, 2012		<u>188,702</u>
CASH AND CASH EQUIVALENTS, AUGUST 31, 2013	\$	<u>104,150</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest and finance charges paid	\$	<u>2,254</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

THE COMMITTEE FOR MISSING CHILDREN, INC.
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2013

NOTE 1 – OPERATIONS

The Organization was established as a not-for-profit corporation in 1996. Its purpose is to distribute photographs of missing children, to advocate parents' rights by ensuring that parents of missing children receive all the help they deserve, to establish a database of information that will assist in efforts of returning missing children to their parents, and to operate a safety and prevention program. Primary support is from donor contributions that are solicited by six telemarketing agencies and a direct mail fundraiser, all operating throughout the United States. Other support is through contributions sent directly to the Organization.

The consolidated financial statements include the accounts of The Committee For Missing Children GmbH, a German corporation. All significant intercompany transactions and balances have been eliminated. The not-for-profit German corporation was established to enable the organization to solicit contributions in that country in support of its international operations.

The Organization has evaluated subsequent events through January 14, 2014, the date on which the financial statements were available to be issued.

NOTE 2 – ACCOUNTING PRINCIPLES

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all short-term securities purchased with a maturity of three months or less to be cash equivalents.

Fixed Assets

Fixed assets are recorded at cost less accumulated depreciation. Major expenditures for improvements that substantially increase useful lives are capitalized. Maintenance, repairs, and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income. Depreciation is computed by straight-line and accelerated methods over estimated useful lives. The current year's depreciation expense totaled \$921.

Income Taxes

The Organization is not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code as other than a private foundation.

THE COMMITTEE FOR MISSING CHILDREN, INC.
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2013

NOTE 2 – ACCOUNTING PRINCIPLES (continuation)

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards FASB ASC 958 (formerly SFAS No. 117), *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. There were no restrictions on net assets as of August 31, 2013.

NOTE 3 - USE OF 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.

NOTE 4 - CONCENTRATIONS

The Company maintains cash in bank accounts that may, at times, exceed the federally insured deposit limit. The Company has not experienced any losses on these accounts.

The Organization has contracted with certain professional fundraising companies to solicit funds. The Organization has agreements with six telemarketing companies that are compensated based on percentages of contributions collected. The contracts have a duration of one to three years. The Organization has contracted with a company that raises funds by direct mail solicitations. That fundraising company is compensated based upon a fixed fee for each piece mailed. Revenues from other fundraising activities were not significant during the current year.

NOTE 5 – CONTRIBUTED SERVICES

The Organization has received contributed services from several organizations to assist in the photo distribution campaign by printing posters and flyers at no cost to the organization. The value of these services was not obtainable for the year ending August 31, 2013, but it is estimated that between 25 and 30 million flyers were distributed through various programs.

Several organizations continue to donate space in their publications for articles on child abduction. To date, 20 articles authored by the Organization's chief operating officer have been published in various publications.

The organization has over 30 partners that donate space in their catalogs and newsletters for photos of missing and abducted children.

THE COMMITTEE FOR MISSING CHILDREN, INC.
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2013

NOTE 6 – FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 7 – CONTINGENCIES

As shown in the accompanying financial statements, the Organization incurred a decrease in Net Assets of \$65,959 during the year ended August 31, 2013, and as of that date, the Organization's current liabilities exceeded current assets by \$91,886 and its total liabilities exceeded its total assets by \$87,434. Management continues plans to decrease expenses by reducing certain costs and utilizing volunteers to replace paid staff when feasible.



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INDEPENDENT AUDITOR'S REPORT
ON ADDITIONAL INFORMATION

To the Executive Committee of the Board of Directors of
The Committee for Missing Children, Inc.
Lawrenceville, Georgia 30045

Our report on our audit of the basic financial statements of The Committee for Missing Children, Inc. appears in the preceding section. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The consolidated schedule of functional expenses is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Lyon CPA's".

Lyon CPA's, P.C.
Certified Public Accountants

Norcross, Georgia
January 8, 2014

THE COMMITTEE FOR MISSING CHILDREN, INC.
CONSOLIDATED SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2013

	<u>Photo</u> <u>Distribution</u>	<u>Parent</u> <u>Advocacy</u>	<u>Information</u> <u>Database</u>	<u>Safety</u> <u>Awareness</u>
Officer salaries	\$ 4,230	46,526	21,148	4,230
Salaries and wages	2,150	23,650	10,750	2,150
Payroll taxes	470	5,175	2,353	470
Rent-office	451	5,415	2,256	-
Utilities	82	983	410	-
Rent-storage	213	2,556	1,065	-
Office maintenance	66	791	329	-
Security system	13	158	66	-
Promotions	-	1,663	-	-
Parent advocacy	-	6,848	-	-
Legal	423	5,075	2,114	-
State registrations	268	3,210	1,337	-
Bank fees	22	271	113	-
Insurance	111	1,329	553	-
Accounting and auditing	448	5,370	2,238	-
Telephone	349	3,984	2,716	195
Equipment rental and maintenance	66	733	334	67
Travel, meals and entertainment	-	-	-	-
Office supplies	103	1,235	514	-
Computer supplies	15	189	79	-
Dues and memberships	-	-	-	-
Postage	81	974	405	-
Internet and web access	-	-	820	43
Web page development	-	-	2,500	-
Interest	-	-	-	-
Depreciation	<u>44</u>	<u>523</u>	<u>218</u>	<u>-</u>
TOTALS	\$ <u>9,605</u>	<u>116,658</u>	<u>52,318</u>	<u>7,155</u>

The preceding Notes to Financial Statements are an integral part of this statement.

<u>International Operations</u>	<u>Management & Operations</u>	<u>Totals</u>
-	8,459	84,593
25,582	4,300	60,582
-	941	9,409
8,892	903	17,917
-	164	1,639
-	426	4,260
-	132	1,318
-	27	264
-	-	1,663
-	-	6,848
353	846	8,811
-	535	5,350
757	45	1,208
194	221	2,408
851	895	9,802
1,656	697	9,597
-	133	1,333
271	23,954	24,225
596	206	2,654
71	31	385
-	1,279	1,279
-	162	1,622
812	-	1,675
-	-	2,500
56	2,198	2,254
<u>49</u>	<u>87</u>	<u>921</u>
<u>40,140</u>	<u>46,641</u>	<u>272,517</u>