

BATEY RELIEF ALLIANCE, INC.

FINANCIAL STATEMENTS

Year Ended December 31, 2011

BATEY RELIEF ALLIANCE, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Batey Relief Alliance, Inc.
Brooklyn, New York

We have audited the accompanying statements of financial position of Batey Relief Alliance, Inc. ("BRA") (a non-profit organization) as of December 31, 2011 and 2010 and the related statements of activities, functional expenses, and cash flows for the year ended December 31, 2011. These financial statements are the responsibility of BRA'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 BRA's 2010 financial statements and in our report dated September 27, 2011, we expressed an unqualified opinion on these financial statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the 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 BRA as of December 31, 2011 and 2010, and the changes in net assets and its cash flows for the year ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America.

Gruver, Zweifel & Scott, LLP

Oneonta, New York
July 30, 2012

BATEY RELIEF ALLIANCE, INC.
STATEMENTS OF FINANCIAL POSITION

December 31, 2011 and 2010

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Assets:		
Cash	\$ 137,837	\$ 383,750
Prepaid expenses	500	3,189
Total current assets	138,337	386,939
Other assets:		
Property and equipment, net	81,846	101,133
Total assets	<u>\$ 220,183</u>	<u>\$ 488,072</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accrued expenses	\$ 4,067	\$ 2,400
Total current liabilities	4,067	2,400
Net assets:		
Unrestricted	216,116	485,672
Total net assets	216,116	485,672
Total liabilities and net assets	<u>\$ 220,183</u>	<u>\$ 488,072</u>

See accompanying notes.

BATEY RELIEF ALLIANCE, INC.

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

Year ended December 31, 2011
With comparative totals for 2010

	<u>2011</u>	<u>2010</u>
Public support and revenue:		
Government grants - Cash	\$ 448,957	\$ 339,165
Government grants - Goods	465,248	179,675
Contributions - Cash	91,854	176,729
Contributions - Goods	3,304,407	3,570,662
Interest	310	3,020
Total public support and revenue	<u>4,310,776</u>	<u>4,269,251</u>
Functional expenses:		
Program expenses	4,373,006	4,638,466
Management and general	<u>207,326</u>	<u>205,108</u>
Total functional expenses	<u>4,580,332</u>	<u>4,843,574</u>
Change in net assets	(269,556)	(574,323)
Net assets, beginning of year	<u>485,672</u>	<u>1,059,995</u>
Net assets, end of year	<u><u>\$ 216,116</u></u>	<u><u>\$ 485,672</u></u>

See accompanying notes.

BATEY RELIEF ALLIANCE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2011
With comparative totals for 2010

	Program	Management and General	Totals	
			2011	2010
Grant and contract expenses:				
Program expenses	\$ 4,373,006	\$ -	\$ 4,373,006	\$ 4,638,466
Operating expenses:				
Salaries	-	53,400	53,400	39,000
Payroll taxes	-	4,581	4,581	4,495
Insurance	-	2,222	2,222	2,116
Bank charges and interest	-	121	121	212
Office supplies	-	1,628	1,628	3,156
Postage and telephone	-	5,952	5,952	11,113
Filing fees	-	300	300	1,067
Conference and/or conventions	-	-	-	250
Professional fees	-	89,327	89,327	93,625
Travel, meals and entertainment	-	26,708	26,708	29,022
Total before depreciation	4,373,006	184,239	4,557,245	4,822,522
Depreciation	-	23,087	23,087	21,052
Total functional expenses	\$ 4,373,006	\$ 207,326	\$ 4,580,332	\$ 4,843,574

See accompanying notes.

BATEY RELIEF ALLIANCE, INC.

STATEMENT OF CASH FLOWS

Year ended December 31, 2011
With comparative totals for 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Change in net assets	\$ (269,556)	\$ (574,323)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	23,087	21,052
(Increase) decrease in assets:		
Prepaid expenses	2,689	(3,189)
Other current asset	-	(1,000)
Increase (decrease) in liabilities:		
Accrued expenses	1,667	-
NET CASH USED IN OPERATING ACTIVITIES	<u>(242,113)</u>	<u>(557,460)</u>
Cash flows used in investing activities:		
Purchase of equipment	<u>(3,800)</u>	<u>(35,186)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(3,800)</u>	<u>(35,186)</u>
NET DECREASE IN CASH	(245,913)	(592,646)
Cash, beginning of year	<u>383,750</u>	<u>976,396</u>
CASH, END OF YEAR	<u>\$ 137,837</u>	<u>\$ 383,750</u>

See accompanying notes.

BATEY RELIEF ALLIANCE, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 NATURE OF ACTIVITIES

Batey Relief Alliance, Inc.'s ("BRA") mission is to work collaboratively to create a productive and self-sufficient environment through humanitarian health and development programs for children and their families severely affected by extreme poverty, disease and hunger in the Caribbean.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

BRA uses the accrual method of accounting for recording assets and liabilities and recognizing income and expenses.

Basis of Presentation

Financial statement presentation follows the recommendations of generally accepted accounting principles (GAAP). Under GAAP, BRA 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 restricted assets at December 31, 2011 and 2010.

Cash and Cash Equivalents

Items treated as cash and cash equivalents are those funds that are held in checking, savings and money market accounts.

Property and Equipment

Purchased fixed assets are recorded at historical costs. Maintenance and repair costs are expensed as incurred; major renewals or betterments which extended the lives or increase the value of the assets are capitalized.

Income Taxes

BRA is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and as such is not subject to Federal income tax and has no activities that would generate unrelated business income.

BRA reviews the components of revenues, gains, and other support and analyzes whether the position that BRA takes with regard to a particular item of income would meet the definition of an uncertain tax position under GAAP.

BRA files Federal Form 990 (return of organizations exempt from income tax) and New York State Form CHAR 500 (annual filing for charitable organizations). The tax years that remain subject to examination by taxing authorities are generally the previous three years.

BATEY RELIEF ALLIANCE, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Donated Services

Donated services are recognized as contributions in accordance with GAAP, if these services (a) create or enhance nonfinancial assets or (b) require specialized skills, and are performed by people with those skills, and would otherwise be purchased. BRA volunteers also provide services throughout the year that are not recognized as contributions in the financial statements since the criteria for GAAP are not met.

Restricted and Unrestricted Revenue and Support

In accordance with GAAP, contributions received are recorded as unrestricted, temporarily restricted, or permanently 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 temporarily or permanently restricted net assets, depending on the nature of the restriction. 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.

Functional Allocation of Expenses

The cost of providing BRA's programs has been summarized on a functional basis in the statement of functional expenses. Expenses that can be identified with a specific program and/or support services are allocated directly according to their natural expense classification.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Totals

The amounts shown for the year ended December 31, 2010 in the accompanying statement of activities and changes in net assets and the statement of functional expense are included to provide a basis for comparison with 2011 and present summarized totals only. Accordingly, the 2010 totals are not intended to present all information necessary for a fair presentation in conformity with GAAP.

Events Occurring After Reporting Date

BRA has evaluated subsequent events through July 30, 2012, which is the date the financial statements were available to be issued.

BATEY RELIEF ALLIANCE, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment at December 31, consisted of:

	<u>2011</u>	<u>2010</u>
Vehicles	\$ 15,320	\$ 15,320
Mobile clinic	82,854	82,854
Office equipment	17,374	17,374
Office furniture	<u>17,091</u>	<u>13,291</u>
	132,639	128,839
Less: Accumulated depreciation	<u>(50,793)</u>	<u>(27,706)</u>
Property and equipment, net	<u>\$ 81,846</u>	<u>\$ 101,133</u>

Depreciation charged to expenses for the years ended December 31, 2011 and 2010 was \$23,087 and \$21,052, respectively.

NOTE 4 ACCRUED EXPENSE

Accrued expense consisted of the following at December 31:

	<u>2011</u>	<u>2010</u>
Bookkeeping fees	\$ -	\$ 2,400
Payroll taxes	<u>4,067</u>	<u>-</u>
Total	<u>\$ 4,067</u>	<u>\$ 2,400</u>

NOTE 5 FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

Cash

BRA maintains its cash accounts with a single financial institution. Total cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) for interest-bearing accounts up to \$250,000 as of December 31, 2011. All funds in non-interest bearing transaction accounts are insured in full by FDIC from December 31, 2010 through December 31, 2012. This temporary unlimited coverage is in addition to, and separate from the above stated. At December 31, 2011 and 2010 there were no uninsured balances.
