

BATEY RELIEF ALLIANCE, INC.

FINANCIAL STATEMENTS

Year ended December 31, 2012  
With comparative totals for 2011

BATEY RELIEF ALLIANCE, INC.

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## INDEPENDENT AUDITORS' REPORT

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

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

We have audited the accompanying financial statements of Batey Relief Alliance, Inc. ("BRA"), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year ended December 31, 2012, and the related notes to the financial statements. The prior year summarized comparative information has been derived from BRA's 2011 financial statements and in our report dated August 28, 2012, we expressed an unqualified opinion on these 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.

### **Auditors' 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 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 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 BRA'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 BRA'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 BRA as of December 31, 2012, 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.

*Mistert, Manzanero & Scott, LLP*

Oneonta, New York  
June 13, 2013

BATEY RELIEF ALLIANCE, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2012 and 2011

<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
Assets:		
Cash	\$ 93,393	\$ 137,837
Prepaid expenses	2,034	2,352
Total current assets	<u>95,427</u>	<u>140,189</u>
Other assets:		
Property and equipment, net	<u>21,840</u>	<u>81,846</u>
Total assets	<u>\$ 117,267</u>	<u>\$ 222,035</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accrued expenses	\$ 2,679	\$ 4,067
Total current liabilities	<u>2,679</u>	<u>4,067</u>
Net assets:		
Unrestricted	<u>114,588</u>	<u>217,968</u>
Total net assets	<u>114,588</u>	<u>217,968</u>
Total liabilities and net assets	<u>\$ 117,267</u>	<u>\$ 222,035</u>

See accompanying notes.

BATEY RELIEF ALLIANCE, INC.

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

Year ended December 31, 2012  
With comparative totals for 2011

	<u>2012</u>	<u>2011</u>
Public support and revenue:		
Government grants - Cash	\$ 350,506	\$ 448,957
Government grants - Goods	618,439	465,248
Contributions - Cash	133,357	91,854
Contributions - Goods	6,883,864	3,304,407
Interest	31	310
Total public support and revenue	<u>7,986,197</u>	<u>4,310,776</u>
Functional expenses:		
Program expenses	8,006,456	4,460,803
Management and general	64,900	87,828
Fundraising	18,221	31,701
Total functional expenses	<u>8,089,577</u>	<u>4,580,332</u>
Change in net assets	(103,380)	(269,556)
Net assets, beginning of year	217,968	485,672
Prior period adjustment	-	1,852
Net assets, beginning of year, as restated	<u>217,968</u>	<u>487,524</u>
Net assets, end of year	<u>\$ 114,588</u>	<u>\$ 217,968</u>

See accompanying notes.

BATEY RELIEF ALLIANCE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2012  
With comparative totals for 2011

	Services Program	Supporting Services		Totals	
		Management and General	Fundraising	2012	2011
Grant and contract expenses:					
Program expenses	\$ 342,763	\$ -	\$ -	\$ 342,763	\$ 580,231
Medical supplies and food	7,499,683	-	-	7,499,683	3,769,655
Subtotal	<u>7,842,446</u>	<u>-</u>	<u>-</u>	<u>7,842,446</u>	<u>4,349,886</u>
Operating expenses:					
Salaries	18,000	7,200	10,800	36,000	53,400
Payroll taxes	4,328	1,731	2,597	8,656	4,581
Insurance	-	2,567	-	2,567	2,222
Bank charges and interest	-	139	-	139	121
Donation	47,183	-	-	47,183	-
Office supplies	580	464	116	1,160	1,628
Postage and telephone	-	2,059	1,108	3,167	5,952
Filing fees	-	-	-	-	300
Facilities and equipment	-	4,889	-	4,889	-
Conference and/or conventions	-	4,000	-	4,000	-
Miscellaneous expense	219	75	-	294	-
Shipping	50,438	-	-	50,438	37,164
Professional fees	-	26,375	3,600	29,975	52,163
Travel, meals and entertainment	43,262	-	-	43,262	49,828
Total before depreciation	<u>8,006,456</u>	<u>49,499</u>	<u>18,221</u>	<u>8,074,176</u>	<u>4,557,245</u>
Depreciation	<u>-</u>	<u>15,401</u>	<u>-</u>	<u>15,401</u>	<u>23,087</u>
Total functional expenses	<u>\$ 8,006,456</u>	<u>\$ 64,900</u>	<u>\$ 18,221</u>	<u>\$ 8,089,577</u>	<u>\$ 4,580,332</u>

See accompanying notes.

BATEY RELIEF ALLIANCE, INC.

STATEMENT OF CASH FLOWS

Year ended December 31, 2012  
With comparative totals for 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Change in net assets	\$ (103,380)	\$ (269,556)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	15,401	23,087
Donation of equipment	47,182	-
(Increase) decrease in assets:		
Prepaid expenses	318	2,689
Increase (decrease) in liabilities:		
Accrued expenses	(1,388)	1,667
NET CASH USED IN OPERATING ACTIVITIES	<u>(41,867)</u>	<u>(242,113)</u>
Cash flows used in investing activities:		
Purchase of equipment	<u>(2,577)</u>	<u>(3,800)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(2,577)</u>	<u>(3,800)</u>
NET DECREASE IN CASH	(44,444)	(245,913)
Cash, beginning of year	<u>137,837</u>	<u>383,750</u>
CASH, END OF YEAR	<u>\$ 93,393</u>	<u>\$ 137,837</u>

See accompanying notes.



BATEY RELIEF ALLIANCE, INC.

NOTES TO THE FINANCIAL STATEMENTS

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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 Latin America and 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, 2012 and 2011.

Cash and Cash Equivalents

Items treated as cash and cash equivalents for purposes of the cash flow statements 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

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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 and changes in net assets 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, 2011 in the accompanying statement of activities and changes in net assets and the statement of functional expenses are included to provide a basis for comparison with 2012 and present summarized totals only. Accordingly, the 2011 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 June 13, 2013, 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>2012</u>	<u>2011</u>
Vehicles	\$ 15,320	\$ 15,320
Mobile clinic	-	82,854
Office equipment	19,951	17,374
Office furniture	<u>17,091</u>	<u>17,091</u>
	52,362	132,639
Less: Accumulated depreciation	<u>(30,522)</u>	<u>(50,793)</u>
Property and equipment, net	<u>\$ 21,840</u>	<u>\$ 81,846</u>

Depreciation charged to expenses for the years ended December 31, 2012 and 2011 was \$15,401 and \$23,087, respectively.

NOTE 4 ACCRUED EXPENSE

Accrued expense consisted of accrued payroll taxes. The balance was \$2,679 and \$4,067 as of December 31, 2012 and 2011, respectively.

NOTE 5 FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

Cash

BRA maintains its cash accounts with a single financial institution. Accounts at the financial institution are insured by the Federal Deposit Insurance Corporation (FDIC). At December 31, 2012 and 2011 there were no uninsured balances.

NOTE 6 PRIOR PERIOD ADJUSTMENT

The prior period adjustment consisted of prepaid insurance which had not previously been recorded in the financial statements. The net effect of this change was an increase in the net assets for the beginning of year 2011 in the amount of \$1,852 and a decrease in insurance expense of \$1,852 for 2011.

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