

BATEY RELIEF ALLIANCE, INC.

FINANCIAL STATEMENTS

Year ended December 31, 2013
With comparative totals for 2012

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") (a non-profit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities and changes in net assets, functional expenses 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.

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, 2013, 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 the BRA's 2012 financial statements, and our report dated June 30, 2013, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Mistert, Manzanero & Scott, LLP". The signature is written in a cursive style and is positioned to the right of the typed address.

Oneonta, New York
May 13, 2014

BATEY RELIEF ALLIANCE, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2013
With comparative totals for 2012

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Assets:		
Cash	\$ 129,382	\$ 93,393
Prepaid expenses	-	2,034
Total current assets	<u>129,382</u>	<u>95,427</u>
Other assets:		
Property and equipment, net	<u>12,638</u>	<u>21,840</u>
Total assets	<u>\$ 142,020</u>	<u>\$ 117,267</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accrued expenses	<u>\$ 2,964</u>	<u>\$ 2,679</u>
Total current liabilities	<u>2,964</u>	<u>2,679</u>
Net assets:		
Unrestricted	<u>139,056</u>	<u>114,588</u>
Total net assets	<u>139,056</u>	<u>114,588</u>
Total liabilities and net assets	<u>\$ 142,020</u>	<u>\$ 117,267</u>

See accompanying notes.

BATEY RELIEF ALLIANCE, INC.

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

Year ended December 31, 2013
With comparative totals for 2012

	<u>2013</u>	<u>2012</u>
Public support and revenue:		
Government grants - Cash	\$ 153,738	\$ 350,506
Government grants - Goods	423,999	618,439
Contributions - Cash	183,554	133,357
Contributions - Goods	6,726,033	6,883,864
Interest	47	31
Total public support and revenue	<u>7,487,371</u>	<u>7,986,197</u>
Functional expenses:		
Program expenses	7,388,594	8,006,456
Management and general	59,385	64,900
Fundraising	14,924	18,221
Total functional expenses	<u>7,462,903</u>	<u>8,089,577</u>
Change in net assets	24,468	(103,380)
Net assets, beginning of year	<u>114,588</u>	<u>217,968</u>
Net assets, end of year	<u>\$ 139,056</u>	<u>\$ 114,588</u>

See accompanying notes.

BATEY RELIEF ALLIANCE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2013
With comparative totals for 2012

	Services Program	Supporting Services		Totals	
		Management and General	Fundraising	2013	2012
Grant and contract expenses:					
Program expenses	\$ 131,957	\$ -	\$ -	\$ 131,957	\$ 342,763
Medical supplies and food	7,150,032	-	-	7,150,032	7,499,683
Subtotal	7,281,989	-	-	7,281,989	7,842,446
Operating expenses:					
Salaries	18,000	7,200	10,800	36,000	36,000
Payroll taxes	1,648	589	706	2,943	8,656
Insurance	-	2,034	-	2,034	2,567
Bank charges and interest	-	217	-	217	139
Donation	18,750	-	-	18,750	47,183
Advertising	72	58	15	145	-
Office supplies	82	66	16	164	1,160
Postage and telephone	-	2,188	306	2,494	3,167
Facilities and equipment	-	9,972	-	9,972	4,889
Conference and/or conventions	-	46	-	46	4,000
Dues	-	2,029	-	2,029	-
Miscellaneous expense	-	75	-	75	294
Shipping	33,772	-	-	33,772	50,438
Professional fees	-	25,709	3,081	28,790	29,975
Travel, meals and entertainment	34,281	-	-	34,281	43,262
Total before depreciation	7,388,594	50,183	14,924	7,453,701	8,074,176
Depreciation	-	9,202	-	9,202	15,401
Total functional expenses	<u>\$ 7,388,594</u>	<u>\$ 59,385</u>	<u>\$ 14,924</u>	<u>\$ 7,462,903</u>	<u>\$ 8,089,577</u>

See accompanying notes.

BATEY RELIEF ALLIANCE, INC.

STATEMENT OF CASH FLOWS

Year ended December 31, 2013
With comparative totals for 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Change in net assets	\$ 24,468	\$ (103,380)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	9,202	15,401
Donation of equipment	-	47,182
(Increase) decrease in assets:		
Prepaid expenses	2,034	318
Increase (decrease) in liabilities:		
Accrued expenses	285	(1,388)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>35,989</u>	<u>(41,867)</u>
Cash flows used in investing activities:		
Purchase of equipment	-	(2,577)
NET CASH USED IN INVESTING ACTIVITIES	<u>-</u>	<u>(2,577)</u>
NET INCREASE (DECREASE) IN CASH	35,989	(44,444)
Cash, beginning of year	<u>93,393</u>	<u>137,837</u>
CASH, END OF YEAR	<u>\$ 129,382</u>	<u>\$ 93,393</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 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, 2013 and 2012.

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

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 recognition 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, 2012 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 2013 and present summarized totals only. Accordingly, the 2012 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 May 13, 2014, 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>2013</u>	<u>2012</u>
Vehicles	\$ 15,320	\$ 15,320
Office equipment	19,951	19,951
Office furniture	<u>17,091</u>	<u>17,091</u>
	52,362	52,362
Less: Accumulated depreciation	<u>(39,724)</u>	<u>(30,522)</u>
Property and equipment, net	<u>\$ 12,638</u>	<u>\$ 21,840</u>

Depreciation charged to expenses for the years ended December 31, 2013 and 2012 was \$9,202 and \$15,401, respectively.

NOTE 4 ACCRUED EXPENSE

Accrued expense consisted of accrued payroll taxes. The balance was \$2,964 and \$2,679 as of December 31, 2013 and 2012, 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, 2013 and 2012 there were no uninsured balances.
