

**THE COMMITTEE FOR MISSING CHILDREN, INC.**

**LAWRENCEVILLE, GEORGIA**

**ACCOUNTANTS' REPORT**

**AUGUST 31, 2010**

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

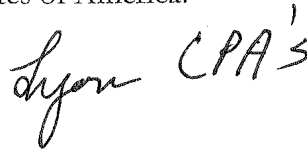
INDEPENDENT AUDITOR'S REPORT

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- profit organization) as of August 31, 2010, 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, 2010, 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.



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

Norcross, Georgia,  
December 14, 2010.

THE COMMITTEE FOR MISSING CHILDREN, INC.  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AUGUST 31, 2010

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	<u>255,731</u>
Total Current Assets		255,731

PROPERTY AND EQUIPMENT

Furniture and fixtures	\$	7,143	
Machinery and equipment		19,479	
Computer software		3,072	
Computer hardware		<u>17,203</u>	
Total		46,897	
Less: Accumulated depreciation		<u>41,586</u>	5,311

OTHER ASSETS

Deposits			<u>1,424</u>
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TOTAL ASSETS

\$ 262,466

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	15,631
Accrued fundraising		159,006
Accrued expenses		<u>6,604</u>
Total Current Liabilities		<u>181,241</u>

Total Liabilities

181,241

NET ASSETS

Unrestricted		<u>81,225</u>
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TOTAL LIABILITIES AND NET ASSETS

\$ 262,466

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, 2010

CHANGES IN UNRESTRICTED NET ASSETS

Revenues and Gains:			
Fundraising revenues	\$	2,135,189	
Other cash donations		15,565	
Foreign currency transaction gain (loss)		(98)	
Investment income		<u>3,184</u>	
Total Unrestricted Revenues and Gains			2,153,840
Expenses:			
Photo distribution	\$	13,734	
Parent advocacy		163,283	
Information database		59,736	
International operations		77,805	
Management and operations		<u>48,701</u>	
Total Program Expenses		363,259	
Fundraising expenses		<u>1,916,491</u>	<u>2,279,750</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS			(125,910)
FOREIGN CURRENCY TRANSLATION GAIN (LOSS)			(3,834)
NET ASSETS AT BEGINNING OF YEAR			<u>210,969</u>
NET ASSETS AT END OF YEAR	\$		<u><u>81,225</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, 2010

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (decrease) in net assets	\$ (125,910)
Adjustment to reconcile decrease in net assets to net cash provided by operating activities:	
Depreciation and amortization	\$ 2,611
Change in:	
Accounts payable	(610)
Accrued fundraising	(74,733)
Accrued expenses	(465)
NET CASH USED IN OPERATING ACTIVITIES	<u>(199,107)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Foreign currency transaction gain (loss)	(3,834)
Increase in fixed assets	<u>(3,537)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(7,371)</u>
NET DECREASE IN CASH	(206,478)
CASH AND CASH EQUIVALENTS, SEPTEMBER 1, 2009	<u>462,209</u>
CASH AND CASH EQUIVALENTS, AUGUST 31, 2010	\$ <u><u>255,731</u></u>
SUPPLEMENTAL CASH FLOW INFORMATION	
Interest paid	\$ <u><u>1,622</u></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, 2010

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 three telemarketing agencies and a direct mail fundraiser, both 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 non-profit German corporation was established to enable the organization to solicit contributions in that country.

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 \$2,611.

Income Taxes

The Organization is a 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.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, 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, 2010.

THE COMMITTEE FOR MISSING CHILDREN, INC.  
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2010

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 an agreement with three telemarketing companies that are compensated based on percentages of contributions collected. The contracts have a duration of one year and are annually renewable. 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, 2010, 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.

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.



*Certified Public Accountants and Advisors*

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P.O. Box 931658  
Norcross, GA 30003-1658

INDEPENDENT AUDITOR'S REPORT  
ON ADDITIONAL INFORMATION

To the Executive Committee of the Board of Directors of  
The Committee for Missing Children, Inc.  
242 Stone Mountain Street  
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 cursive script that reads "Lyon CPA's".

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

Norcross, Georgia,  
December 14, 2010.

THE COMMITTEE FOR MISSING CHILDREN, INC.  
CONSOLIDATED SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED AUGUST 31, 2010

	<u>Photo</u> <u>Distribution</u>	<u>Parent</u> <u>Advocacy</u>	<u>Information</u> <u>Database</u>	<u>International</u> <u>Operations</u>	<u>Management</u> <u>and</u> <u>Operations</u>
Officer salaries	\$ 4,459	53,512	22,296	-	8,919
Salaries and wages	2,150	25,800	10,750	44,301	4,300
Payroll taxes	470	5,646	2,352	8,537	941
Rent-office	570	6,840	2,850	10,943	1,140
Utilities	145	1,734	723	-	289
Rent-storage	3,000	-	-	-	-
Office maintenance	41	492	205	-	82
Security system	15	184	77	-	31
Promotions	-	996	-	-	-
Public relations	-	12,022	-	-	-
Casual labor-office	575	6,899	2,875	1,825	1,150
Parent advocacy	-	21,453	-	474	-
Legal	417	5,003	2,084	330	834
State registrations	182	2,187	912	-	364
Bank fees	16	196	82	830	33
Insurance	98	1,181	492	1,297	197
Accounting and auditing	488	5,850	2,437	586	975
Telephone	375	4,496	3,091	2,240	749
Equipment rental and maintenance	109	1,308	545	-	218
Travel, meals and entertainment	-	-	-	2,474	22,885
Board meetings	-	-	-	-	75
Office supplies	351	4,202	1,751	2,129	700
Computer supplies	37	447	186	235	74
Dues and memberships	-	-	-	-	1,550
Donations	-	-	-	-	1,050
Postage	138	1,660	692	275	277
Internet and web access	-	-	546	619	-
Web page development	-	-	4,300	-	-
Interest	-	-	-	58	1,672
Depreciation	<u>98</u>	<u>1,175</u>	<u>490</u>	<u>652</u>	<u>196</u>
<b>TOTALS</b>	<b>\$ <u>13,734</u></b>	<b><u>163,283</u></b>	<b><u>59,736</u></b>	<b><u>77,805</u></b>	<b><u>48,701</u></b>

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