



**THE NOW I LAY ME DOWN TO
SLEEP FOUNDATION**

FINANCIAL STATEMENTS
With Independent Auditors' Report

June 30, 2010

THE NOW I LAY ME DOWN TO SLEEP FOUNDATION

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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Now I Lay Me Down To Sleep Foundation
Littleton, Colorado

We have audited the accompanying statement of financial position of The Now I Lay Me Down To Sleep Foundation as of June 30, 2010, and the related statement 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 misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 Now I Lay Me Down To Sleep Foundation as of June 30, 2010, and the changes in its net assets and cash flows for the year ended in conformity with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Littleton, Colorado
November 4, 2010

THE NOW I LAY ME DOWN TO SLEEP FOUNDATION

Statement of Financial Position

June 30, 2010

ASSETS:

Cash	\$	213,296
Prepaid expenses		2,544
Property and equipment–net		<u>27,497</u>

Total Assets

\$ 243,337

LIABILITIES AND NET ASSETS:

Liabilities:

Accounts payable	\$	9,850
Accrued expenses		<u>5,155</u>
		<u>15,005</u>

Net assets:

Unrestricted:

Undesignated		200,835
Equity in property and equipment		<u>27,497</u>
		<u>228,332</u>

Total Liabilities and Net Assets

\$ 243,337

See notes to financial statements

THE NOW I LAY ME DOWN TO SLEEP FOUNDATION

Statement of Activities

Year Ended June 30, 2010

SUPPORT AND REVENUE:	
Contributed services	\$ 4,612,661
Contributions	292,708
Training revenue	15,238
Other income	5,519
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Total Support and Revenue	4,926,126
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EXPENSES:	
Program services	4,723,160
Supporting activities:	
Management and general	158,249
Fundraising	76,418
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Total Expenses	4,957,827
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Change in Net Assets	(31,701)
Net Assets, Beginning of Year	260,033
	<hr/>
Net Assets, End of Year	\$ 228,332
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See notes to financial statements

THE NOW I LAY ME DOWN TO SLEEP FOUNDATION

Statement of Cash Flows

Year Ended June 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (31,701)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	11,337
Loss on sale of equipment	860
Change in operating assets and liabilities:	
Prepaid expenses	(804)
Accounts payable	9,850
Accrued expenses	(2,568)
Net Cash Used by Operating Activities	<u>(13,026)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of property and equipment	(1,815)
Proceeds from sale of equipment	850
Net Cash Used by Investing Activities	<u>(965)</u>

Change in Cash	(13,991)
Cash, Beginning of Year	<u>227,287</u>
Cash, End of Year	<u>\$ 213,296</u>

See notes to financial statements

THE NOW I LAY ME DOWN TO SLEEP FOUNDATION

Notes to Financial Statements

June 30, 2010

1. NATURE OF ORGANIZATION:

The Now I Lay Me Down To Sleep Foundation (NILMDTS) was organized in 2005 in the state of Colorado. NILMDTS gently provides a helping hand and a healing heart to families overcome by the grief and pain of losing their baby. The idea of photographing their baby may not immediately occur to them. Offering gentle and beautiful photography services in a compassionate and sensitive manner is the heart of this organization. The soft, gentle heirloom photographs of these beautiful babies are an important part of the healing process. They allow families to honor and cherish their babies, and share the spirits of their lives.

NILMDTS is operated as a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("the Code"), and is not a private foundation under Section 509(a) of the Code.

2. SUMMARY OF ACCOUNTING POLICIES:

NILMDTS uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of any contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements. The significant accounting policies followed conform to accounting principles generally accepted in the United States of America are described below to enhance the usefulness of the financial statements to the reader.

CASH

Cash consists of a checking account. This account, at times, may exceed federally insured limits. NILMDTS has not experienced any losses on this account and believes they are not exposed to any significant credit risk.

PROPERTY AND EQUIPMENT

NILMDTS capitalizes property and equipment purchases exceeding \$500 and expenses lesser amounts in the year purchased. Property and equipment are recorded at cost. Donated items are recorded at their fair market value on the date of the gift. Depreciation is computed on a straight-line method over the estimated useful lives of 3 to 10 years.

NET ASSETS

Net assets consist of unrestricted amounts that are currently available for use in NILMDTS operations and resources invested in property and equipment.

SUPPORT, REVENUE, AND EXPENSES

Contributions are recorded when made, which may be when cash is received or unconditionally promised, or when ownership of donated assets is transferred to NILMDTS. Contributed services consists of donated photography and legal services and are recorded at their estimated fair market values when the services are provided.

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Notes to Financial Statements

June 30, 2010

2. SUMMARY OF ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, AND EXPENSES, continued

Training revenue consists of income related to training sessions for the photographers. Income is recorded when earned, which is when the session occurs. All other income is recorded when earned.

Expenses are recognized when incurred in accordance with the accrual basis of accounting.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing program services and supporting activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs, such as depreciation and salaries, have been allocated among program services and supporting activities.

RECENTLY ISSUED ACCOUNTING STANDARDS

On July 1, 2009, NILMDTS adopted the new provisions of the Income Tax Topic of the financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). These provisions clarify the accounting for uncertainty in tax positions and prescribe guidance related to the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The tax benefit from an uncertain tax position is only recognized in the statement of financial position if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Interest and penalties, if any, are included in expenses in the statement of activities. As of June 30, 2010, NILMDTS had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

3. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net consists of:

Furniture and equipment	\$	42,879
Leasehold improvements		10,459
		<hr/>
		53,338
Less accumulated depreciation		(25,841)
		<hr/>
	\$	<u>27,497</u>

Depreciation expense for the year ended June 30, 2010, was \$11,337.

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Notes to Financial Statements

June 30, 2010

4. COMMITMENTS:

NILMDTS leases office space and a storage unit. In addition, NILMDTS has contracted with an internet solutions group for technology services. Total expense for these commitments was \$16,722 for the year ending June 30, 2010. Future minimum payments are:

<u>Year Ending June 30,</u>		
2011	\$	21,958
2012		16,845
2013		<u>15,912</u>
	\$	<u><u>54,715</u></u>

5. CONTRIBUTED SERVICES:

Contributed services consist of sessions donated by photographers as well as contributed legal counsel. A photography session consists of the photographers time on site photographing the baby, time spent retouching images, and a CD of digital images provided to the family. The fair market value of a session varies by photographer. Contributed services are recorded based on the average fair market value of the photographers' sessions. Contributed legal services are recorded based on the attorney's average bill rate.

6. RELATED PARTY TRANSACTIONS:

NILMDTS was renting office space from the co-founder of NILMDTS. During the year ended June 30, 2010, total rent expense for this space was \$8,329.

7. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.