

**NOW I LAY ME DOWN TO SLEEP**

FINANCIAL STATEMENTS

June 30, 2019 and 2018

Together With Independent Auditor's Report

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# CLAIRE SONNIER, CPA

A PROFESSIONAL CORPORATION

6155 S MAIN STREET ▪ SUITE 255 ▪ AURORA CO 80016  
303.995.4561 ▪ WWW.SONNIERCPA.COM

## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Now I Lay Me Down to Sleep  
Centennial, Colorado

We have audited the accompanying statements of financial position of Now I Lay Me Down to Sleep (a nonprofit corporation) as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years 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.

### ***Auditor's 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. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on 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 the entity'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 the entity'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 as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.



CLAIRE SONNIER, CPA, PC  
Aurora, Colorado

November 20, 2019

**NOW I LAY ME DOWN TO SLEEP**  
**STATEMENT OF FINANCIAL POSITION**  
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and cash equivalents - unrestricted	\$ 188,757	\$ 127,692
Cash and cash equivalents - restricted	22,000	17,510
Contributions receivable	13,242	12,800
Prepaid expenses and deposits	9,913	23,219
Property and equipment	<u>94,884</u>	<u>3,759</u>
Total assets	<u><u>\$ 328,796</u></u>	<u><u>\$ 184,980</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable	\$ 10,205	\$ 8,695
Payroll liabilities	34,844	37,270
Deferred revenue	23,817	15,532
Commitments	<u>-</u>	<u>-</u>
Total liabilities	<u>68,866</u>	<u>61,497</u>
Net Assets		
Without donor restrictions	224,688	93,173
With donor restrictions	<u>35,242</u>	<u>30,310</u>
Total net assets	<u>259,930</u>	<u>123,483</u>
Total liabilities and net assets	<u><u>\$ 328,796</u></u>	<u><u>\$ 184,980</u></u>

The accompanying notes are an integral part of the financial statements.

**NOW I LAY ME DOWN TO SLEEP**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Contributions	\$ 587,340	\$ 36,242	\$ 623,582
Special events	263,198	54,800	317,998
(less) direct expenses	(175,226)	-	(175,226)
Care package	-	28,180	28,180
Merchandise sales	21,207	-	21,207
Other income	93	-	93
In-kind contributions	8,640,000	-	8,640,000
Net assets released from restrictions	114,290	(114,290)	-
	<u>9,450,901</u>	<u>4,932</u>	<u>9,455,833</u>
Total revenue and other support			
EXPENSE			
Program services			
Donated photography services	8,640,000	-	8,640,000
Other program services	498,152	-	498,152
Total program expense	9,138,152	-	9,138,152
Supporting services			
Management and general	33,595	-	33,595
Fundraising	147,639	-	147,639
	<u>9,319,386</u>	<u>-</u>	<u>9,319,386</u>
Total expense			
CHANGE IN NET ASSETS	131,515	4,932	136,447
NET ASSETS, beginning of year	93,173	30,310	123,483
NET ASSETS, end of year	<u>\$ 224,688</u>	<u>\$ 35,242</u>	<u>\$ 259,930</u>

The accompanying notes are an integral part of the financial statements.

**NOW I LAY ME DOWN TO SLEEP**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND OTHER SUPPORT</b>			
Contributions	\$ 437,918	\$ 49,300	\$ 487,218
Special events	272,978	10,000	282,978
(less) direct expenses	(121,140)	-	(121,140)
Care package	-	12,837	12,837
Merchandise sales	22,901	-	22,901
Other income	937	-	937
In-kind contributions	8,310,000	-	8,310,000
Net assets released from restrictions	66,827	(66,827)	-
	<u>8,990,421</u>	<u>5,310</u>	<u>8,995,731</u>
Total revenue and other support			
<b>EXPENSE</b>			
Program services			
Donated photography services	8,310,000	-	8,310,000
Other program services	494,977	-	494,977
Total program expense	<u>8,804,977</u>	<u>-</u>	<u>8,804,977</u>
Supporting services			
Management and general	31,724	-	31,724
Fundraising	128,353	-	128,353
	<u>8,965,054</u>	<u>-</u>	<u>8,965,054</u>
Total expense			
<b>CHANGE IN NET ASSETS</b>	25,367	5,310	30,677
<b>NET ASSETS, beginning of year</b>	<u>67,806</u>	<u>25,000</u>	<u>92,806</u>
<b>NET ASSETS, end of year</b>	<u><u>\$ 93,173</u></u>	<u><u>\$ 30,310</u></u>	<u><u>\$ 123,483</u></u>

The accompanying notes are an integral part of the financial statements.

**NOW I LAY ME DOWN TO SLEEP**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended June 30, 2019

		Supporting Services		
	Program Services	Management & General	Fundraising	Total
Salaries	\$ 240,598	\$ 9,982	\$ 78,656	\$ 329,236
Payroll taxes and benefits	22,981	934	7,890	31,805
Photography	8,640,000	-	-	8,640,000
Office supplies	8,570	764	458	9,792
Postage	9,049	223	12,735	22,007
Printing and copying	15,524	1,049	7,804	24,377
Contract services	44,133	3,166	8,007	55,306
Rent	18,280	1,681	1,051	21,012
Care packages	33,169	-	-	33,169
Marketing	15,773	706	2,886	19,365
Conferences	8,582	115	8	8,705
Meetings and travel	11,141	8,490	292	19,923
Computers and software	21,702	1,317	8,309	31,328
Dues and subscriptions	2,148	127	79	2,354
Bank charges	5,001	460	287	5,748
Telephone and internet	8,464	1,761	478	10,703
Staff development	7,580	516	670	8,766
Insurance	3,210	716	184	4,110
Training and education	2,234	-	-	2,234
Volunteer appreciation and retention	3,542	109	81	3,732
All other	1,871	136	16,925	18,932
	<u>9,123,552</u>	<u>32,252</u>	<u>146,800</u>	<u>9,302,604</u>
Depreciation	14,600	1,343	839	16,782
Total Expenses	<u><u>\$ 9,138,152</u></u>	<u><u>\$ 33,595</u></u>	<u><u>\$ 147,639</u></u>	<u><u>\$ 9,319,386</u></u>

The accompanying notes are an integral part of the financial statements.

**NOW I LAY ME DOWN TO SLEEP**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended June 30, 2018

	Program Services	Supporting Services Management & General	Fundraising	Total
Salaries	\$ 284,643	\$ 9,153	\$ 70,480	\$ 364,276
Payroll taxes and benefits	34,253	1,488	8,719	44,460
Photography	8,310,000	-	-	8,310,000
Office supplies	2,703	244	433	3,380
Postage	6,175	34	5,593	11,802
Printing and copying	4,825	309	17,376	22,510
Contract services	39,206	879	3,339	43,424
Rent	30,718	2,825	1,774	35,317
Care packages	20,336	-	-	20,336
Marketing	5,532	480	937	6,949
Conferences	3,174	38	24	3,236
Meetings and travel	11,321	9,322	68	20,711
Computers and software	9,422	763	5,261	15,446
Dues and subscriptions	2,125	155	75	2,355
Bank charges	4,692	1,800	270	6,762
Telephone and internet	7,352	633	395	8,380
Staff development	5,466	491	306	6,263
Insurance	4,303	396	247	4,946
Training and education	1,443	-	-	1,443
Volunteer appreciation and retention	6,070	411	478	6,959
All other	4,648	1,521	12,108	18,277
	<u>8,798,407</u>	<u>30,942</u>	<u>127,883</u>	<u>8,957,232</u>
Depreciation	<u>6,570</u>	<u>782</u>	<u>470</u>	<u>7,822</u>
Total Expenses	<u><u>\$ 8,804,977</u></u>	<u><u>\$ 31,724</u></u>	<u><u>\$ 128,353</u></u>	<u><u>\$ 8,965,054</u></u>

The accompanying notes are an integral part of the financial statements.



**NOW I LAY ME DOWN TO SLEEP**  
**STATEMENT OF CASH FLOWS**  
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 136,447	\$ 30,677
Adjustments to reconcile change in net assets to cash provided by operating activities		
Depreciation expense	16,782	7,822
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	-	4,703
(Increase) decrease in contributions receivable	(442)	(6,800)
(Increase) decrease in prepaid expenses and deposits	13,306	2,929
Increase (decrease) in accounts payable	1,510	(16,511)
Increase (decrease) in payroll liabilities	(2,426)	10,164
Increase (decrease) in deferred lease incentive	-	(2,894)
Increase (decrease) in deferred revenue	<u>8,285</u>	<u>15,282</u>
<b>CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>173,462</u>	<u>45,372</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	<u>(107,907)</u>	<u>(2,632)</u>
<b>CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(107,907)</u>	<u>(2,632)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	65,555	42,740
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>145,202</u>	<u>102,462</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 210,757</u></u>	<u><u>\$ 145,202</u></u>

The accompanying notes are an integral part of these financial statements.

**NOW I LAY ME DOWN TO SLEEP**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019 and 2018

**NOTE 1 - NATURE OF ACTIVITIES**

Now I Lay Me Down to Sleep ("NILMDTS") was organized in 2005 in the State of Colorado. NILMDTS offers the gift of healing, hope and honor to parents experiencing the death of a baby through the overwhelming power of remembrance portraits. Professional-level photographers volunteer their time to capture the only moments parents spend with their babies and gift the beautiful heirloom portraits free of charge. These priceless images serve as an important step in the healing recovery for bereaved families. NILMDTS remembrance photography validates the existence and presence of these precious babies by honoring their legacy.

NILMDTS recruits, trains, and mobilizes professional quality photographers around the world. Through NILMDTS, medical personnel are given a meaningful option to offer bereaved parents by creating remembrance portraiture for their babies.

Through further engagement in the organization, such as the NILMDTS Remembrance Walk and online support, families become a part of a compassionate and supportive community. Parents gain a sense of inclusiveness, alleviating the alienation and perception of being alone in their pregnancy or infant loss journey.

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 509(a) of the code. NILMDTS is primarily supported by contributions, special events, and in-kind donations of professional photography services.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a. Basis of Accounting**

The financial statements of NILMDTS have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

**b. Basis of Presentation**

Financial Accounting Standards Board FASB ASC 958-210-45, *Financial Statements of Not-for-Profit Organizations*, requires organizations to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

*Net Assets Without Donor Restrictions* – consists of assets, public support and program revenues, which are available and used for operations and programs. Contributions are considered available for unrestricted use unless specifically restricted by the donor.

*Net Assets With Donor Restrictions* – includes funds with donor-imposed restrictions, which permit the organization to expend the assets as specified and is satisfied either by the passage of time or by actions of the organization. Resources of this nature originate from gifts, grants, bequests, contracts and investment income earned on restricted funds.

**c. Cash and Cash Equivalents**

NILMDTS considers all unrestricted and restricted cash and highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**d. Accounts and Contributions Receivable**

Management considers all grants, accounts and notes receivable to be collectible; thus, no allowance for uncollectible accounts has been recorded.

**NOW I LAY ME DOWN TO SLEEP**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019 and 2018

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**e. Capitalization and Depreciation**

All expenditures for furniture and equipment in excess of \$500 is capitalized. The fair value of donated assets is similarly capitalized. Depreciation of furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

**f. Donations**

NILMDTS reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Gifts of land, buildings, and equipment are reported as unrestricted support unless the explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent donor stipulations regarding how long those long-lived assets must be maintained, NILMDTS reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**g. Functional Expenses**

The costs attributable to program services and expenses associated with fundraising have been reported in the accompanying financial statements on a functional basis. Accordingly, certain costs have been allocated among the program expenses, management and general expenses, and fundraising expenses based on estimates made by management.

**h. Income Taxes**

NILMDTS is a tax-exempt organization as defined by Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision has been made for income taxes in the accompanying financial statements.

NILMDTS follows FASB ASC 740 *Income Taxes*, which requires entities to determine whether a tax position is more likely than not to be sustained upon examination by the applicable taxing authority. NILMDTS has evaluated tax positions taken related to its tax-exempt status, and none are considered to be uncertain; therefore, no amounts have been recognized as of June 30, 2019.

**i. 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.

**j. In-Kind Contributions**

Contributions of goods and services to NILMDTS and the corresponding expense are reported at fair value, if the criteria for financial statement recognition are met. Donations of fixed assets are recorded at their fair market value at the time of donation, and they are reported as unrestricted support if there are no restrictions on use of the assets.

**NOW I LAY ME DOWN TO SLEEP**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019 and 2018

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**k. Subsequent Events**

Management has evaluated subsequent events through November 20, 2019, the date the financial statements were available to be issued.

**NOTE 3 - ADOPTION OF NEW ACCOUNTING PRONOUNCEMENT**

For the year ended June 30, 2019, NILMDTS adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14 – Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. The changes required by the update have been applied retrospectively to all periods presented. A key change required by ASU 2016-14 are the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restriction and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions.

**NOTE 4 - LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or time restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents - unrestricted	\$ <u>188,757</u>
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NILMDTS is substantially supported by grants and contributions, special events registration fees and sponsorships, and in-kind photography services. Financial assets are managed to be available as its general expenditures, liabilities, and other obligations come due.

**NOTE 5 - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	<u>2019</u>	<u>2018</u>
Office equipment	\$ 54,690	\$ 53,890
Website and improvements	143,828	36,721
Less: accumulated depreciation	<u>(103,634)</u>	<u>(86,852)</u>
	\$ <u>94,884</u>	\$ <u>3,759</u>

Depreciation expense recorded for the years ended June 30, 2019 and 2018 was \$16,782 and \$7,822, respectively.

**NOTE 6 - LEASE COMMITMENTS**

NILMDTS entered into a lease for office space in April 2018 that is effective June 1, 2018 through May 31, 2021. The future minimum payments on this lease are as follows:

Year ending June 30:	
2020	\$ 21,580
2021	<u>20,405</u>
Total	\$ <u>41,985</u>

Rent expense for the years ended June 30, 2019 and 2018 was \$21,012 and \$35,317, respectively.

**NOW I LAY ME DOWN TO SLEEP**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019 and 2018

**NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of contributions receivable and other donations that are restricted by time or by the donor for certain activities. The following is a summary of changes in net assets with donor restrictions for the year ended June 30, 2019:

	<u>6/30/18</u>	<u>Additions</u>	<u>Releases</u>	<u>6/30/19</u>
Purpose restrictions:				
Care packages	\$ —	28,180	(28,180)	—
Expansion of programs	17,510	8,000	(25,510)	—
Volunteer training programs	—	15,000	(15,000)	—
Sponsorships	—	<u>54,800</u>	<u>(32,800)</u>	<u>22,000</u>
Total purpose restrictions	17,510	105,980	(101,490)	22,000
Time restrictions	<u>12,800</u>	<u>13,242</u>	<u>(12,800)</u>	<u>13,242</u>
Total	<u>\$ 30,310</u>	<u>119,222</u>	<u>(114,290)</u>	<u>35,242</u>

**NOTE 8 - IN-KIND CONTRIBUTIONS**

During the years ended June 30, 2019 and 2018, NILMDTS recognized in-kind contributions of 4,320 and 4,155 professional photography sessions, respectively, valued at \$2,000 per session, which totaled \$8,640,000 and \$8,310,000, respectively. In addition, NILMDTS received other volunteer services not meeting the criteria for recognition and accordingly, their value was not recorded.

**NOTE 9 - FUNCTIONAL EXPENSES**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function; therefore, expenses require allocation on a reasonable basis that is consistently applied. Personnel and overhead expenses are allocated based on estimates of time and effort as determined by management. All other expenses are allocated using standard allocation percentages as determined by management.