

NOW I LAY ME DOWN TO SLEEP

FINANCIAL STATEMENTS

June 30, 2020 and 2019

Together With Independent Auditor's Report

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CLAIRE SONNIER, CPA

A PROFESSIONAL CORPORATION

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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, 2020 and 2019, 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, 2020 and 2019, 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 10, 2020

NOW I LAY ME DOWN TO SLEEP
STATEMENT OF FINANCIAL POSITION
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents - unrestricted	\$ 294,477	\$ 188,757
Cash and cash equivalents - restricted	13,000	22,000
Contributions receivable	14,900	13,242
Prepaid expenses and deposits	13,245	9,913
Property and equipment	<u>128,685</u>	<u>94,884</u>
Total assets	<u><u>\$ 464,307</u></u>	<u><u>\$ 328,796</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 3,196	\$ 10,205
Payroll liabilities	37,480	34,844
Deferred revenue	-	23,817
Note payable	100,000	-
Commitments	<u>-</u>	<u>-</u>
Total liabilities	<u>140,676</u>	<u>68,866</u>
Net Assets		
Without donor restrictions	295,731	224,688
With donor restrictions	<u>27,900</u>	<u>35,242</u>
Total net assets	<u>323,631</u>	<u>259,930</u>
Total liabilities and net assets	<u><u>\$ 464,307</u></u>	<u><u>\$ 328,796</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, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Contributions	\$ 531,320	\$ 48,622	\$ 579,942
Special events	279,261	-	279,261
(less) direct expenses	(124,415)	-	(124,415)
Care package	7,722	-	7,722
Merchandise sales	17,950	-	17,950
Other income	3,238	-	3,238
In-kind contributions	6,960,000	-	6,960,000
Net assets released from restrictions	55,964	(55,964)	-
	<u>7,731,040</u>	<u>(7,342)</u>	<u>7,723,698</u>
Total revenue and other support			
EXPENSE			
Program services			
Donated photography services	6,960,000	-	6,960,000
Other program services	528,487	-	528,487
Total program expense	<u>7,488,487</u>	<u>-</u>	<u>7,488,487</u>
Supporting services			
Management and general	29,469	-	29,469
Fundraising	142,041	-	142,041
	<u>7,659,997</u>	<u>-</u>	<u>7,659,997</u>
Total expense			
CHANGE IN NET ASSETS	71,043	(7,342)	63,701
NET ASSETS, beginning of year	<u>224,688</u>	<u>35,242</u>	<u>259,930</u>
NET ASSETS, end of year	<u>\$ 295,731</u>	<u>\$ 27,900</u>	<u>\$ 323,631</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	92	-	92
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	<u>9,138,152</u>	<u>-</u>	<u>9,138,152</u>
Supporting services			
Management and general	33,595	-	33,595
Fundraising	147,639	-	147,639
	<u>181,234</u>	<u>-</u>	<u>181,234</u>
Total expense	<u>9,319,386</u>	<u>-</u>	<u>9,319,386</u>
CHANGE IN NET ASSETS	131,515	4,932	136,447
NET ASSETS, beginning of year	<u>93,173</u>	<u>30,310</u>	<u>123,483</u>
NET ASSETS, end of year	<u><u>\$ 224,688</u></u>	<u><u>\$ 35,242</u></u>	<u><u>\$ 259,930</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, 2020

	Program Services	Supporting Services Management & General	Fundraising	Total
Salaries	\$ 279,627	\$ 10,359	\$ 85,958	\$ 375,944
Payroll taxes and benefits	28,016	1,029	8,641	37,686
Photography	6,960,000	-	-	6,960,000
Office supplies	3,161	280	175	3,616
Postage	9,591	103	3,365	13,059
Printing and copying	7,817	520	5,481	13,818
Contract services	19,192	1,294	9,008	29,494
Rent	19,305	1,775	1,109	22,189
Care packages	26,250	-	-	26,250
Marketing	3,031	225	682	3,938
Conferences	4,826	26	167	5,019
Meetings and travel	20,066	3,542	1,440	25,048
Computers and software	23,545	1,671	2,304	27,520
Dues and subscriptions	1,233	107	94	1,434
Bank charges	5,870	540	632	7,042
Telephone and internet	5,875	540	338	6,753
Staff development	7,297	671	419	8,387
Insurance	4,922	453	283	5,658
Training and education	4,291	60	38	4,389
Volunteer appreciation and retention	3,477	182	1,878	5,537
All other	2,178	1,594	17,218	20,990
	<u>7,439,570</u>	<u>24,971</u>	<u>139,230</u>	<u>7,603,771</u>
Depreciation	<u>48,917</u>	<u>4,498</u>	<u>2,811</u>	<u>56,226</u>
Total Expenses	<u>\$ 7,488,487</u>	<u>\$ 29,469</u>	<u>\$ 142,041</u>	<u>\$ 7,659,997</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

	Program Services	Supporting 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>\$ 9,138,152</u>	<u>\$ 33,595</u>	<u>\$ 147,639</u>	<u>\$ 9,319,386</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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 63,701	\$ 136,447
Adjustments to reconcile change in net assets to cash provided by operating activities		
Depreciation expense	56,226	16,782
Changes in operating assets and liabilities:		
(Increase) decrease in contributions receivable	(1,658)	(442)
(Increase) decrease in prepaid expenses and deposits	(3,332)	13,306
Increase (decrease) in accounts payable	(7,009)	1,510
Increase (decrease) in payroll liabilities	2,636	(2,426)
Increase (decrease) in deferred revenue	<u>(23,817)</u>	<u>8,285</u>
CASH PROVIDED BY OPERATING ACTIVITIES	<u>86,747</u>	<u>173,462</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	<u>(90,027)</u>	<u>(107,907)</u>
CASH USED BY INVESTING ACTIVITIES	<u>(90,027)</u>	<u>(107,907)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of note payable	<u>100,000</u>	<u>-</u>
CASH PROVIDED BY FINANCING ACTIVITIES	<u>100,000</u>	<u>-</u>
NET INCREASE IN CASH	96,720	65,555
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>210,757</u>	<u>145,202</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 307,477</u></u>	<u><u>\$ 210,757</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, 2020 and 2019

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, 2020 and 2019

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, 2020.

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, 2020 and 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Subsequent Events

Management has evaluated subsequent events through November 10, 2020, the date the financial statements were available to be issued.

NOTE 3 - 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:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents – unrestricted	\$ 294,477	\$ 188,757
Contributions receivable	14,900	13,242
Total	<u>\$ 309,377</u>	<u>\$ 201,999</u>

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 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2020</u>	<u>2019</u>
Office equipment	\$ 59,517	\$ 54,690
Website and improvements	143,828	143,828
Software	85,200	–
Less: accumulated depreciation	<u>(159,860)</u>	<u>(103,634)</u>
	<u>\$ 128,685</u>	<u>\$ 94,884</u>

Depreciation expense recorded for the years ended June 30, 2020 and 2019 was \$56,226 and \$16,782, respectively.

NOTE 5 - 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	<u>\$ 20,405</u>

Rent expense for the years ended June 30, 2020 and 2019 was \$22,189 and \$21,012, respectively.

NOTE 6 - IN-KIND CONTRIBUTIONS

During the years ended June 30, 2020 and 2019, NILMDTS recognized in-kind contributions of 3,480 and 4,320 professional photography sessions, respectively, valued at \$2,000 per session, which totaled \$6,960,000 and \$8,640,000, respectively. In addition, NILMDTS received other volunteer services not meeting the criteria for recognition and accordingly, their value was not recorded.

NOW I LAY ME DOWN TO SLEEP
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

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, 2020:

	<u>6/30/19</u>	<u>Additions</u>	<u>Releases</u>	<u>6/30/20</u>
Purpose restrictions:				
Care packages	\$ —	7,722	(7,722)	—
Specific state programs	—	8,000	(4,000)	4,000
Volunteer training programs	—	18,000	(9,000)	9,000
Sponsorships	<u>22,000</u>	<u>56,800</u>	<u>(78,800)</u>	<u>—</u>
Total purpose restrictions	22,000	90,522	(99,522)	13,000
Time restrictions	<u>13,242</u>	<u>14,900</u>	<u>(13,242)</u>	<u>14,900</u>
Total	<u>\$ 35,242</u>	<u>105,422</u>	<u>(112,764)</u>	<u>27,900</u>

NOTE 8 - 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.

NOTE 9 - DISRUPTION OF OPERATIONS DUE TO PANDEMIC

The COVID-19 outbreak, which was declared a worldwide pandemic on March 11, 2020 by the World Health Organization ("WHO"), has caused business disruption in a variety of industries, markets and geographic regions. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. The extent to which NILMDTS's operational and financial performance will be affected is also uncertain. Therefore, while NILMDTS expects this matter to negatively impact its business, results of operations and financial position, the related financial impact cannot be reasonably estimated at this time.

NOTE 10 - SBA CARES ACT LOAN

On April 23, 2020, NILMDTS received proceeds of a \$100,000 Paycheck Protection Program loan through the Small Business Administration under the CARES Act and is recorded as a note payable in the statement of financial position. The loan is intended to maintain employee and compensation levels during the financial downturn caused by the pandemic. The loan proceeds are to be expended on payroll costs, rent and utilities, and if spent on these costs within six months, the loan is eligible to be forgiven and considered a grant to NILMDTS.