

BABY'S BOUNTY
FINANCIAL STATEMENTS
JUNE 30, 2020

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JUNE 30, 2020**

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Independent Accountant's Review Report

To the Board of Directors
Baby's Bounty

We have reviewed the accompanying financial statements of Baby's Bounty (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Ellsworth & Stout, LLC

Las Vegas, Nevada
February 5, 2021



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BABY'S BOUNTY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

ASSETS

Current Assets:

Cash and cash equivalents	\$	70,435
Receivables		11,504
Prepaid expenses		<u>1,864</u>
Total current assets		83,803

Other Assets:

Deposits		<u>1,488</u>
Total Assets	\$	<u><u>85,291</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$	2,296
Accrued expenses		<u>4,970</u>
Total current liabilities		7,266

Long-Term Liabilities:

Long-term debt		<u>15,088</u>
Total Liabilities		22,354

Net Assets:

Without donor restrictions		<u>62,937</u>
Total Liabilities and Net Assets	\$	<u><u>85,291</u></u>

See accountant's report and notes to the financial statements.

**BABY'S BOUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Net Assets without Donor Restrictions

Revenue and other support:	
Contributions and grants	\$ 153,837
In-kind donations	91,894
Special events, net of expenses of \$11,652	30,928
Interest income	33
Other income	6,861
	<hr/>
	283,553
	<hr/>
Expenses:	
Program	230,590
Management and general	67,970
Fundraising	9,371
	<hr/>
	307,931
	<hr/>
Decrease in Net Assets	(24,378)
Net Assets, Beginning of Year	87,315
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Net Assets, End of Year	<u><u>\$ 62,937</u></u>

See accountant's report and notes to the financial statements.

BABY'S BOUNTY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program	Management and General	Fundraising	Total
Advertising	\$ 53	\$ 550	\$ 15	\$ 618
Insurance	-	2,299	-	2,299
Office expense and other	1,993	16,629	100	18,722
Professional fees	-	29,240	8,542	37,782
Program expenses	131,966	-	-	131,966
Rent	14,579	3,645	-	18,224
Salaries, wages and related	81,964	13,839	714	96,517
Travel, meals and entertainment	35	1,768	-	1,803
	<u>\$ 230,590</u>	<u>\$ 67,970</u>	<u>\$ 9,371</u>	<u>\$ 307,931</u>

See accountant's report and notes to the financial statements.

BABY'S BOUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

Cash Flows from Operating Activities

Decrease in net assets	\$	(24,378)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Changes in operating assets and liabilities:		
(Increase) decrease in receivables		(11,504)
(Increase) decrease in prepaid expenses		(1,864)
Increase (decrease) in accounts payable		1,023
Increase (decrease) in accrued expenses		4,970
		<hr/>
Net cash used in operating activities		(31,753)

Cash Flows from Financing Activities

Proceeds from debt borrowings		15,088
		<hr/>

Net Change in Cash and Cash Equivalents (16,665)

Cash and Cash Equivalents, Beginning of Year

 87,100

Cash and Cash Equivalents, End of Year

 \$ 70,435

BABY'S BOUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Baby's Bounty (the Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of Organization

The Organization was incorporated on July 30, 2008 as a nonprofit organization under the laws of the State of Nevada, to provide infant essentials to disadvantaged families with a new baby. Recipients include families grappling with domestic abuse, teen pregnancy, mental health issues, unemployment or underemployment, and homelessness. The Organization's goal is to provide "a good start for every baby" in Clark County.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. The Organization presents a classified statement of financial position with additional qualitative information about the availability of resources and liquidity in Note 2.

The accompanying financial statements have been presented in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to not-for-profit organizations, principally Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under ASC 958 (as amended by Accounting Standards Update (ASU) 2016-14), the Organization is required to report information regarding its financial position and changes in financial position according to two classes of net assets; net assets without donor restrictions and net assets with donor restrictions. The classification of net assets is based on the existence or absence of donor-imposed restrictions. Net assets are released from donor restriction by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other event specified by donors.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

Contribution Receivables

Receivables are stated net of allowance for doubtful accounts. The allowance is based on the analysis of specific donors, taking into consideration the age of past due amounts and an assessment of the donor's ability to pay. As of June 30, 2020, no allowance to receivables for uncollectible amounts was deemed necessary.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Purchased property in excess of \$2,000 is stated at historical cost. Property and equipment that are contributed to the Organization are recorded at the approximate fair values at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Revenue Recognition

The Organization is supported primarily through grants and contributions.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or the purpose of a restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions.

Grant revenues are recorded as they are earned, according to the provisions of the grant. Normally, grant revenues are earned and received as the grant period progresses. The provisions of the grant determine the timing of revenue recognition. Grant expenses are recognized when incurred for a grant-related obligation.

Contributed Materials and Services

Generally, donated materials, if significant in amount, are recorded at their fair value, provided the Organization has a clearly measurable and objective basis for determining the value. In the case of materials where such values cannot reasonably be determined, the donation is not recorded. Donated professional services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Unpaid volunteers have donated their time to the Organization's programs. The value of such services are not reflected in the accompanying financial statements since these services do not meet the criteria for recognition as contributed services.

For the year ended June 30, 2020, the Organization received \$91,894 in donated materials.

Income Taxes

The Organization has received notification from the Internal Revenue Service that the Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been classified as a public charity under Section 170(b)(1)(A)(vi). Therefore, no provision for income taxes is made in the accompanying financial statements.

As defined by ASC Topic 740, Income Taxes, no provision or liability for materially uncertain tax positions was deemed necessary by management. Therefore, no provision or liability for uncertain tax positions has been included in these financial statements.

As of June 30, 2020, the tax years that remain subject to potential examination by taxing authorities begin with 2017.

BABY'S BOUNTY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allocation Methodology

The statement of functional expense presents expenditures by both their nature and their function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. All expenses are allocated based on management's estimate of time and effort, except for those expenditures that are considered direct expenses.

Advertising

Advertising costs are expensed as incurred. Advertising expense for the year ended June 30, 2020 was \$618.

New Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02 (Topic 842) pertaining to leases. This pronouncement is effective for nonprofit organizations for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022 with early adoption permitted. Management has not yet evaluated the effects of this standard on the Organization's financial statements.

NOTE 2 – LIQUIDITY AND AVAILABILITY

As of June 30, 2020, the Organization has \$81,939 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash and cash equivalents of \$70,435 and receivables of \$11,504. Contractual or donor imposed restrictions are not available for general expenditure. As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 3 – LONG-TERM DEBT

On June 10, 2020, the Organization was granted a loan from a financial institution in the aggregate amount of \$15,088, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The loan matures in October 2026 and bears interest at a fixed rate of 1% per annum, payable monthly commencing in November 2021. The Note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations. The Organization's intent is to use the entire loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

\$ 15,088

BABY'S BOUNTY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2020

NOTE 3 – LONG-TERM DEBT (Continued)

As of June 30, long-term debt matures as follows:

2021	\$ -
2022	1,944
2023	3,017
2024	3,048
2025	3,078
Thereafter	4,001
	<u>\$ 15,088</u>

NOTE 4 – LEASE AGREEMENTS

In September 2017, the Organization entered into a non-cancelable operating lease agreement for office space. The lease calls for escalating minimum rental payments ranging from \$1,403 to \$1,488 with a term of 36 months.

As of June 30, future minimum lease payments are as follows:

2021	\$ 5,952
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Total rent expense for the year ended June 30, 2020 was \$18,224.

NOTE 5 - CONTINGENCIES

In March 2020, the World Health Organization officially characterized a novel strain of the coronavirus (COVID-19) as a global pandemic. Management is currently responding to the existing effects and planning for the potential future effects that the COVID-19 pandemic may have on the Organization's operations, including the overall health of the economy and consumer spending. At the current time, management is unable to quantify the potential effects of this pandemic on the Organization's future financial statements.

NOTE 6 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 5, 2021, which is the date the financial statements were available to be issued.