

BABY'S BOUNTY
REVIEWED FINANCIAL STATEMENTS
JUNE 30, 2023



BABY'S BOUNTY

JUNE 30, 2023

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT ACCOUNTANT'S REVIEW REPORT	1
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF ACTIVITIES	3
STATEMENT OF FUNCTIONAL EXPENSES	4
STATEMENT OF CASH FLOWS	5-6
NOTES TO FINANCIAL STATEMENTS	7-13

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To Board of Directors and Management of
Baby's Bounty
Las Vegas, Nevada

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, 2023, 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 entity 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 the 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 the 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 American Institute of Certified Public Accountants. 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.

We are required to be independent of Baby's Bounty and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our review.

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 conformity with accounting principles generally accepted in the United States of America.

Houldsworth, Russo & Company, P.C.

Las Vegas, Nevada
December 8, 2023

BABY'S BOUNTY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	758,160
Cash and cash equivalents, restricted		51,925
Grants receivable		37,209
Pledges receivable		7,500
Baby supplies on hand		139,664
Prepaid Expenses		<u>4,648</u>

999,106

OTHER ASSETS

Improvements and equipment, net		111,249
Operating lease right-of-use assets, net		82,558
Deposits		<u>6,025</u>

199,832

\$ 1,198,938

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	2,958
Accrued liabilities		13,925
Operating lease liabilities		<u>46,870</u>

63,753

OTHER LIABILITIES

Operating lease liabilities, net of current		<u>16,609</u>
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80,362

NET ASSETS

Without donor restrictions		1,059,151
With donor restrictions		<u>59,425</u>

1,118,576

\$ 1,198,938

See accompanying notes and independent accountant's review report

BABY'S BOUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

NET ASSETS WITHOUT DONOR RESTRICTIONS

Revenue, gains and other support:

Contributions	\$ 1,339,785
Grant revenue	432,042
In-kind donations	81,752
Special events, net of direct benefits to donors of \$29,836	40,314
Other income	1,348

1,895,241

Expenses:

Program services	783,210
Supporting services:	
Management and general	222,332
Fundraising	62,379

1,067,921

Change in net assets without donor restrictions 827,320

NET ASSETS WITH DONOR RESTRICTIONS

Contributions 54,425

Change in net assets with donor restrictions 54,425

CHANGE IN NET ASSETS 881,745

NET ASSETS AT BEGINNING OF YEAR 236,831

NET ASSETS AT END OF YEAR \$ 1,118,576

See accompanying notes and independent accountant's review report

BABY'S BOUNTY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services	Supporting Services		Direct Benefits to Donors	Total
		Management and General	Fundraising		
Salaries and related	\$ 254,301	\$ 81,082	\$ 33,170	\$ -	\$ 368,553
Bank and service fees	-	135	-	-	135
Depreciation	11,898	3,794	1,552	-	17,244
Fundraising supplies	-	-	805	-	805
Meals and entertainment	14,928	4,760	1,947	27,336	48,971
Interest	1,023	326	134	-	1,483
Insurance	-	8,895	-	-	8,895
Office	28,943	9,228	3,775	-	41,946
Occupancy	59,723	19,042	7,790	-	86,555
Professional services	-	87,453	10,090	2,500	100,043
Program supplies	388,502	-	-	-	388,502
Training and education	1,997	636	260	-	2,893
Travel	21,895	6,981	2,856	-	31,732
	<u>\$ 783,210</u>	<u>\$ 222,332</u>	<u>\$ 62,379</u>	29,836	1,097,757
Direct benefits to donors				(29,836)	(29,836)
				<u>\$ -</u>	<u>\$ 1,067,921</u>

See accompanying notes and independent accountant's review report

BABY'S BOUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 881,745
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	17,244
Amortization of operating lease right-of-use-assets	51,810
(Increase) decrease in operating assets:	
Grants receivable	77,328
Pledges receivable	(2,500)
Baby supplies on hand	(121,548)
Prepaid expenses	(4,648)
Deposits	(2,800)
Increase (decrease) in operating liabilities:	
Accounts payable	(17,069)
Accrued liabilities	4,441
Operating lease liabilities	<u>(70,889)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>813,114</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of leasehold improvements	<u>(118,605)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(118,605)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Repayment of EIDL Loan	<u>(121,418)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(121,418)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	573,091
BEGINNING CASH AND CASH EQUIVALENTS	<u>236,994</u>
ENDING CASH AND CASH EQUIVALENTS	<u><u>\$ 810,085</u></u>

See accompanying notes and independent accountant's review report

BABY'S BOUNTY
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023

Summary of cash accounts:

Cash and cash equivalents	\$ 758,160
Cash and cash equivalents, restricted	51,925
	<u>\$ 810,085</u>

Supplemental disclosures:

Cash paid for interest	<u>\$ 1,483</u>
Operating lease right-of-use assets obtained for operating lease liabilities	<u>\$ 97,968</u>

See accompanying notes and independent accountant's review report

BABY'S BOUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Baby's Bounty (the Organization) was founded in 2008 as a nonprofit organization under the laws of the State of Nevada, to provide infant essentials to disadvantaged families with a 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 Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

The financial statement presentation follows the recommendation of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-205 and subsections. Under FASB ASC, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Use of Estimates

Timely preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts, some of which may require revision in future periods.

Cash and Cash Equivalents

The Organization considers all unrestricted highly-liquid investments with an initial maturity of three months or less to be cash equivalents.

Pledges and Grants Receivable

Pledges receivable represent promises from donors to give to the Organization. Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional pledges receivable are recognized at fair value when the conditions on which they depend are substantially met. Pledges receivable are stated at the amount management expects to collect from outstanding balances. Grants receivable represent funds to be reimbursed to the Organization for incurring expenses considered allowable under the grant agreements. Receivables are stated net of allowance for doubtful accounts. The allowance is based on the analysis of specific donors and grantors, taking into consideration the age of past due amounts and an assessment of the donor's or grantor's ability to pay. As of June 30, 2023, no allowance for uncollected amounts was deemed necessary and all pledges and grants receivable were due within one year.

BABY'S BOUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Baby Supplies on Hand

Baby supplies on hand (supplies) consists of baby items for distribution to clients. Supplies are valued at the lower of cost or net realizable value. Donated supplies are valued at fair market value on the date of donation, which is usually wholesale cost for new items.

Improvements and Equipment

The Organization capitalizes all expenditures for improvements and equipment in excess of \$2,000 and with a useful life of greater than one year. Improvements and equipment are stated at cost, if purchased. Improvements and equipment acquired by donation are stated at the fair market value at the date of donation. Depreciation is computed over the estimated useful lives of the assets using the straight-line method.

When assets are retired or otherwise disposed, the costs and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the statement of activities for the period. The cost of maintenance and repairs is expensed as incurred, while significant renewals and betterments are capitalized.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount which the carrying value of the assets exceeds the fair value of the assets.

Revenue With and Without Donor Restrictions

The Organization is supported primarily through grants and contributions from the Southern Nevada area. Contributions received are recorded as increases in net assets with or without restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or 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.

In-Kind Materials and Services

In-kind materials and services are reported as in-kind donations at their estimated fair value on the date of receipt and reported as expense when utilized or capitalized as assets if applicable. Donated services are recognized as contributions in accordance with FASB ASC, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

BABY'S BOUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-Kind Materials and Services (Continued)

Unpaid volunteers have donated their time to the Organization's program. 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.

Expense Allocation

The costs of providing programs and other activities have been summarized on a functional basis in the statement of activities. Some expenses can be directly allocated to one of the programs or supporting functions. Certain categories of expenses are attributed to more than one function and therefore require allocation on a reasonable basis that is consistently applied. Expenses were allocated on the basis of salary allocation percentages, which are calculated based on an estimate of the percentage of time employees spend working under each of the functions.

The following expenses were allocated based on the salary allocation: salaries and related, depreciation, meals and entertainment, interest, office, occupancy, training and education and travel.

The following expenses were directly allocated by function based on the nature of the expense: bank and service fees, fundraising supplies, insurance, professional services and program supplies.

Advertising

The Organization uses advertising to promote its programs among the audience it serves. The production costs of advertising are expensed as incurred.

Income Tax Status

The Organization is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income taxes on related income pursuant to the appropriate section of the Internal Revenue Code.

Leases

The Organization leases office space under an operating lease arrangements. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statement of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the Organization used a risk-free rate based on information available at commencement date in determining the present value of lease payments. The operating lease ROU assets also includes any lease payments made and exclude lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

BABY'S BOUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Adopted Accounting Pronouncements

In February 2016, the FASB issued guidance ASC 842, *Leases*, to increase transparency and comparability among organizations by requiring the recognition of ROU assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the standard effective July 1, 2022 and recognized and measured leases existing at, or entered into after July 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, with certain practical expenditures available.

The Mission elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classifications of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Organization recognized on July 1, 2022 operating lease liabilities of \$69,026, which represents the present value of the remaining operating lease payments of \$71,040, discounted using a risk-free rate ranging of 3.13%, and a ROU asset of \$69,026. There was no adjustment to retained earnings as a result of adopting this guidance.

The standard had a material impact on the Organization's statement of financial position and statement of cash flows as of and for the year ended June 30, 2023, but did not have an impact on the statement of activities. The most significant impact was the recognition of ROU assets and lease liabilities.

Date of Management's Review

Subsequent events have been evaluated through December 8, 2023, which is the date the financial statements were available to be issued.

NOTE 2. IMPROVEMENTS AND EQUIPMENT

Improvements and equipment consist of the following:

Equipment	\$ 6,946
Improvements	3,400
Vehicles	<u>118,605</u>
	128,951
Less accumulated depreciation	<u>17,702</u>
	<u>\$ 111,249</u>

BABY'S BOUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 3. ECONOMIC INJURY DISASTER LOAN

On July 9, 2020, the Organization was granted a loan from the Small Business Administration in the aggregate amount of \$115,000, pursuant to the Economic Injury Disaster Loan Program (EIDL), under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which was enacted March 27, 2020. The Loan dated July 9, 2020, matured on July 9, 2050 and bore interest at a rate of 2.75% per annum. At June 30, 2023 the balance of the loan and the related accrued interest was \$0 as they were paid in full on December 15, 2022.

NOTE 4. INFORMATION REGARDING LIQUIDITY AND AVAILABILITY

The Organization is substantially supported by contribution revenues and considers contributions restricted for programs which are ongoing, major, and central to its operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

The following table reflects the Organization's financial assets as of year-end, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date:

Cash and cash equivalents	\$	758,160
Cash and cash equivalents, restricted		51,925
Grants receivable		37,209
Pledges receivable		<u>7,500</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$</u>	<u>854,794</u>

NOTE 5. LEASES

The Organization has operating leases for two building locations in Las Vegas and one in Reno, Nevada. The leases have remaining terms that expire in May 2024 for the Las Vegas leases and December 2024 for the Reno lease. Lease costs under these operating leases was \$53,864 for the year ended June 30, 2023. The weighted average remaining lease term was 11 months and the weighted average discount rate was 3.51% for the year ended June 30, 2023.

BABY'S BOUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 5. LEASES (CONTINUED)

Future minimum lease payments required under operating leases as of June 30, 2023 are as follows:

2024	\$	48,496
2025		<u>16,800</u>
		65,296
Less: imputed interest		<u>(1,817)</u>
Operating lease liability		63,479
Less: operating lease liability, current portion		<u>(46,870)</u>
Operating lease liability, net of current	\$	<u><u>16,609</u></u>

NOTE 6. CONCENTRATION OF RISK

In the ordinary course of business, the Organization maintains cash balances at financial institutions in excess of federally insured limits. The cash held by the banking institutions is insured up to the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000.

NOTE 7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions represent contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2023:

Subject to expenditures for specific purpose:		
Reno diaper bank	\$	51,925
Subject to the passage of time:		
Pledges receivable		<u>7,500</u>
Total net assets with donor restrictions	\$	<u><u>59,425</u></u>

BABY'S BOUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 7. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets with donor restrictions consisted of the following at June 30, 2023:

Cash and cash equivalents	\$	51,925
Pledges receivable		<u>7,500</u>
 Total net assets with donor restrictions	 \$	 <u>59,425</u>

No net assets were released from donor restrictions for the year ended June 30, 2023 by incurring expenses satisfying the restricted purposes.

NOTE 8. IN-KIND DONATIONS

In-kind donations for the year are as follows:

Category	Usage	Value
Program supplies	Programmatic activities	\$ 81,752
		<u>\$ 81,752</u>

All in-kind donations were valued at the purchase price for similar items and are allocated to program services.