

**THE SHAKEN BABY ALLIANCE, INC**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

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# CHARLES O. PAUL

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### INDEPENDENT AUDITORS REPORT

**Board of Directors  
The Shaken Baby Alliance:**

We have audited the accompanying statements The Shaken Baby Alliance (the "Alliance"), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, cash flows and functional expenses 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 audits. We conducted our audits 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 from 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 the 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 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 The Shaken Baby Alliance as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The percentages of functional expenses on page 6 are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Charles O. Paul, CPA  
January 25, 2022  
North Richland Hills, Texas

**THE SHAKEN BABY ALLIANCE**  
**Statements of Financial Position**  
**December 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b><u>ASSETS</u></b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 104,254	\$ 16,972
Investments	6,468	5,130
Accounts receivable	92,274	15,181
Prepaid expenses	-	600
<b>Total current assets</b>	<b>202,996</b>	<b>37,883</b>
<b>Property and equipment, at cost:</b>		
Office Furniture, fixtures and equipment	22,153	22,153
Leasehold improvements	13,645	13,645
	35,798	35,798
<b>Less accumulated depreciation</b>	<b>(29,959)</b>	<b>(25,640)</b>
	5,839	10,158
<b>Total assets</b>	<b>\$ 208,835</b>	<b>\$ 48,041</b>
 <b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 25,685	\$ 14,541
Notes payable	112,724	-
Line of credit	-	41,483
<b>Total current liabilities</b>	<b>138,409</b>	<b>56,024</b>
<b>Net assets without donor restrictions</b>	<b>70,426</b>	<b>(7,983)</b>
<b>Total liabilities and net assets</b>	<b>\$ 208,835</b>	<b>\$ 48,041</b>

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

**THE SHAKEN BABY ALLIANCE**  
**Statements of Activities**  
**For the Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Revenues, Gains and Other Support Without Donor Restrictions</b>		
Contract and grant revenue	\$ 59,636	\$ 75,348
Foundation grants	349,173	205,150
Contributions	15,172	44,686
Contributions - in-kind	245,775	203,614
Program services	5,178	29,740
Product sales	5,228	5,022
Special events, net of direct costs of \$10,379	9,017	16,829
Interest income	470	790
	<u>689,649</u>	<u>581,179</u>
<b>Expenses:</b>		
Program services	473,580	464,866
General and administrative	68,718	69,365
Fundraising	68,942	66,852
	<u>611,240</u>	<u>601,083</u>
<b>Change in net assets</b>	<b>78,409</b>	<b>(19,904)</b>
<b>Net assets without donor restrictions at beginning of year</b>	<u><b>(7,983)</b></u>	<u><b>11,921</b></u>
<b>Net assets without donor restrictions at end of year</b>	<u><u><b>\$ 70,426</b></u></u>	<u><u><b>\$ (7,983)</b></u></u>

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

**THE SHAKEN BABY ALLIANCE**  
**Statements of Cash Flows**  
For the Years Ended December 31, 2019 and 2018

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 78,409	\$ (19,904)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	4,319	4,551
Change in assets and liabilities		
(Increase) decrease in:		
Accounts receivable	(77,093)	11,739
Prepaid expenses	600	
Increase (decrease) in:		
Accounts payable	11,144	(1,455)
Net cash provided by (used in) operating activities	17,379	(5,069)
 <b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
(Increase) decrease of investments	(1,338)	(390)
Capital expenditures	-	(2,536)
Net cash used in investing activities	(1,338)	(2,926)
 <b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Net borrowing (repayment) on line of credit	71,241	14,223
Net cash used in financing activities	71,241	14,223
Net change in cash and cash equivalents	87,282	6,228
Cash at beginning of year	16,972	10,744
Cash at end of year	\$ 104,254	\$ 16,972
 <b>Supplemental cash flow information</b>		
Interest received during the year	\$ 470	\$ 178
Interest paid during the year	\$ 4,492	\$ 1,025

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

**THE SHAKEN BABY ALLIANCE**  
**Statement of Functional Expenses**  
For the Years Ended December 31, 2020 and 2019

	2020				2019			
	Programs	General and Administrative	Fundraising	Total	Programs	General and Administrative	Fundraising	Total
Depreciation	\$ -	\$ 4,319	\$ -	\$ 4,319	\$ -	\$ 4,551	\$ -	\$ 4,551
Salaries	71,017	27,593	22,900	121,510	70,540	30,339	23,316	124,195
Payroll taxes/benefits	11,864	1,640	1,542	15,046	7,632	1,764	1,536	10,932
Contract services	72,799	12,026	44,500	129,325	69,249	5,693	42,000	116,942
Donated technical services	245,775	-	-	245,775	203,614	-	-	203,614
Travel and entertainment	4,303	-	-	4,303	51,469	-	-	51,469
Computer and IT services	11,660	-	-	11,660	11,637	1,105	-	12,742
Professional fees	-	11,134	-	11,134	-	8,843	-	8,843
Postage and delivery	-	1,433	-	1,433	-	1,447	-	1,447
Office supplies	-	2,937	-	2,937	-	5,841	-	5,841
Dues and subscriptions	3,054	-	-	3,054	694	-	-	694
Insurance	-	2,648	-	2,648	-	4,657	-	4,657
Equipment	9,692	-	-	9,692	231	-	-	231
Advertising	8,890	-	-	8,890	-	-	-	-
Training and related materials	10,740	-	-	10,740	27,735	-	-	27,735
Website	1,471	-	-	1,471	2,071	-	-	2,071
Occupancy	19,385	-	-	19,385	19,994	-	-	19,994
Other	2,930	496	-	3,426	-	-	-	-
Interest and bank fees	-	4,492	-	4,492	-	5,125	-	5,125
	<u>\$ 473,580</u>	<u>\$ 68,718</u>	<u>\$ 68,942</u>	<u>\$ 611,240</u>	<u>\$ 464,866</u>	<u>\$ 69,365</u>	<u>\$ 66,852</u>	<u>\$ 601,083</u>
<b>Supplementary Information:</b>								
Percentage to total	77.5%	11.2%	11.3%	100.0%	77.3%	11.5%	11.1%	100.0%

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



**THE SHAKEN BABY ALLIANCE**  
**Notes to Financial Statements**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Nature of Activities**

The Shaken Baby Alliance (“the Alliance”) is a not-for-profit organization whose mission is to provide support for victim families and professionals, prevention of child abuse, and justice for the innocent victims.

Its current programs including providing support for victim families (by providing information and resources) and professionals (through training and case consultation), to provide education for prevention of abuse and to provide justice for the innocent victims. The Alliance’s core expertise is reflected in its three primary programs:

- **Family Support – outreach to families who are often left behind and not served by other programs by providing information and resources for families of surviving and deceased shaken baby syndrome (“SBS”) children who are victims of shaken baby syndrome (“SBS”) and other forms of child physical abuse, elder abuse, or abuse of people with disabilities. These services are provided at no charge to the victim/family members.**
- **Professional Support –**
  - **Training – providing a full range of forensic investigative training programs for investigating crimes against vulnerable victims including children, the elderly, and people with disabilities to professionals including law enforcement, child/adult protection, medical practitioners, mental health, and legal professionals.**
  - **Case Consultation – providing case consultation services nationwide related to crimes against children, the elderly, and people with disabilities.**
- **Prevention Education evidence-informed prevention education programs to prevent child physical abuse designed for delivery in hospitals, school systems, and the community.**
- **Justice – All programs support justice for the innocent victims.**

**(b) Basis of Accounting**

The Alliance maintains its accounting records and prepares its financial statements on the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

**(c) Basis of Presentation**

The financial statement presentation follows the standards of the Financial Accounting Standards Board. Under these standards, the Alliance is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

**THE SHAKEN BABY ALLIANCE**  
**Notes to Financial Statements**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

Generally accepted accounting principles in the United States of America require disclosure of an estimate of fair value of certain financial instruments. The Alliance's significant financial instruments are cash, accounts receivable, grants receivable, pledges receivable, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

**(d) Provision for Doubtful Accounts**

The provision for doubtful accounts is based on management's evaluation on the collectability of receivables. Management believes that all receivables are fully collectible and no provision for doubtful accounts is necessary.

**(e) Cash and Cash Equivalents**

For purposes of the statement of cash flows, highly liquid investments with an initial maturity of three months or less are considered to be cash equivalents. The Organization maintains cash balances at two financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC insured) up to \$250,000. The Organization has not experienced any loss in such accounts.

**(f) Property and Equipment**

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method calculated to amortize cost of the applicable net assets over estimated lives of 3 to 7 years. The Alliance capitalizes all property and equipment purchased with a cost of \$500 or more, except for equipment purchased with grant funds. Under the grant agreements, such equipment is limited in use to the purpose intended by the grantor and reverts to the grantor if it no longer used for the intended purpose.

The Alliance periodically reviews the carrying value of its long-lived assets, including property, plant, and equipment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. To the extent fair value of a long-lived asset, determined based upon the estimated future cash inflows attributable to the asset, less estimated future cash outflows, are less than the carrying amount, an impairment loss is recognized. No such losses were recognized during the years ended December 31, 2020 and 2019.

**THE SHAKEN BABY ALLIANCE**  
**Notes to Financial Statements**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**(g) Donor Restrictions**

Contributions received are recorded as with or without restrictions, depending on the existence and/or nature of donor restrictions. All donor-restricted support is reported as an increase in net assets with restrictions, depending on the nature of the contribution. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), the are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions.

**(h) Contracts and grants**

The Alliance accounts for certain of its contracts and grants, specifically those from Federal and other governmental sources, as contracts and grant revenue. Grants from corporations and foundations are reported as unearned support. As such, awards which are obligated by the funding source are recorded as temporarily restricted revenue or support.

**(i) Subsequent Events**

Management evaluates subsequent events through the date of the report, which is the date the financial statements were available to be issued.

**(j) Donated Services**

A substantial number of volunteers have donated significant amounts of time to the Organization's activities. However, the Organization only recognizes donated services that create or enhance nonfinancial assets, or that require specialized skills, provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Alliance has been supported by a substantial number of volunteers who have donated their service to the Alliance as faculty members, experts in case consultations, and curriculum developers. The estimated value of their services in 2020 and 2019 was \$245,775 and \$203,614, respectively, which has been reported on the statement of activities as support and program services.

**(j) Federal Income Taxes**

The Alliance is a nonprofit organization exempt from federal income taxes under Internal Revenue Code Section 501 (c) 3; therefore, no provision for income taxes has been included in the financial statements.

**THE SHAKEN BABY ALLIANCE**  
**Notes to Financial Statements**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**(k) Use of 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 assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**(l) Concentrations of Credit Risks**

Concentrations of credit risks consist of cash, contracts and grants receivable, pledges receivable, contracts and grants revenue, and contribution income. There are no concentration in 2020 or 2019.

**(m) Advertising Costs**

The Alliance uses advertising to promote its programs and mission among the audiences that it serves as well as the general public. Advertising costs are expensed as incurred.

**(n) Accounting Pronouncements**

In 2016, the Financial Accounting Standards Board issued a pronouncement related to accounting for leases. The effect of this change will require that Organizations who enter into leases of more than twelve months record those leases as assets and liabilities. The standard is effective for the Alliance's year that ends December 31, 2021. The Organization has not yet assessed the impact of this new accounting standard.

**2. INVESTMENTS**

Investments consist of a certificate of deposit that matures in May 2024. The certificate earns interest at 2.5%. The certificate of deposit is carried at fair value as determined by Level 2 inputs which consist of observable inputs such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Fair value and cost are materially the same.

**3. LEASES**

The Alliance leases office space and a storage facility under a month-to-month operating lease. Rent due under this lease is \$500 per month.

**THE SHAKEN BABY ALLIANCE**  
**Notes to Financial Statements**

**4. NOTES PAYABLE**

The Alliance refinanced its line of credit with a note from a family trust related to a member of the Alliance's board of directors. The note is payable in monthly installments with interest at an annual rate of 3%. There are no penalties for prepayment. Final payment on the note is due April 1, 2030.

Future minimum maturities under the note are as follows:

2021	\$7,701
2022	7,935
2023	8,176
2024	8,425
2025	8,681
Thereafter	45,906

In April 2020, the Alliance, obtained a \$25,900 loan under the Paycheck Protection Program. The loan is subject to a note dated April 15, 2020 and may be forgiven to the extent proceeds of the loan are used for eligible expenditures such as payroll and other expenses described in the CARES Act. The loan bears interest at a rate of 1% and is payable in monthly installments of principal and interest over 24 months beginning 6 months from the date of the note. The loan may be repaid at any time with no prepayment penalty. Application for forgiveness was made and approved in January 2021. The forgiveness of debt will be recognized in the statement of activities for the year ended December 31, 2021.

**5. COMMITMENTS AND CONTINGENCIES**

The Alliance participates in federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Alliance has not complied with the rules and regulations governing the grant, refunds of grant income may be required.

**6. UNCERTAINTY**

In March 2020, the World Health Organization recognized the novel strain of coronavirus, COVID-19, as a pandemic. The coronavirus outbreak has severely restricted the level of economic activity worldwide. Given the level of uncertainty of the spread of the coronavirus, the related financial impact to the Alliance, if any, cannot be determined at this time.