

THE SHAKEN BABY ALLIANCE, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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INDEPENDENT AUDITORS REPORT

**Board of Directors
The Shaken Baby Alliance, Inc.:**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Shaken Baby Alliance, Inc., which comprise the statement of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Shaken Baby Alliance, Inc. as of December 31, 2022 and 2021, 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.

Basis for Our Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Shaken Baby Alliance, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Shaken Baby Alliance, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one

resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Shaken Baby Alliance, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Shaken Baby Alliance, Inc.'s ability to continue as a going concern for a reasonable period of time.

Report on Supplementary Information

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
November 13, 2023
North Richland Hills, Texas

THE SHAKEN BABY ALLIANCE
Statements of Financial Position
December 31, 2022 and 2021

	2022	2021
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 70,131	\$ 17,477
Investments	6,186	6,593
Accounts receivable	9,506	34,359
Prepaid expenses	-	-
Total current assets	85,823	58,429
Property and equipment, at cost:		
Office Furniture, fixtures and equipment	24,711	23,512
Leasehold improvements	13,645	13,645
	38,356	37,157
Less accumulated depreciation	(38,356)	(34,567)
	-	2,590
Total assets	\$ 85,823	\$ 61,019
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 19,760	\$ 39,609
Current maturities of long-term debt	8,791	8,182
Line of credit	-	20,000
Total current liabilities	28,551	67,791
Long-term debt	44,102	62,806
Total liabilities	72,653	130,597
Net assets without donor restrictions	13,170	(69,578)
Total liabilities and net assets	\$ 85,823	\$ 61,019

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

THE SHAKEN BABY ALLIANCE
Statements of Activities
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenues, Gains and Other Support Without Donor Restrictions		
Contract and grant revenue	\$ 153,621	\$ 94,534
Foundation grants	257,549	147,452
Contributions	15,529	15,027
Contributions - in-kind	201,345	254,225
Program services	40,558	3,184
Product sales	5,593	7,525
PPP loan forgiveness	-	25,900
Special events	-	2,102
Interest income	32	134
	<u>674,227</u>	<u>550,083</u>
Expenses:		
Program services	468,821	553,472
General and administrative	75,840	70,759
Fundraising	46,818	65,856
	<u>591,479</u>	<u>690,087</u>
Change in net assets	82,748	(140,004)
Net assets without donor restrictions at beginning of year	<u>(69,578)</u>	<u>70,426</u>
Net assets without donor restrictions at end of year	<u><u>\$ 13,170</u></u>	<u><u>\$ (69,578)</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, 2021 and 2020

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 82,748	\$ (140,004)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	3,790	4,607
Change in assets and liabilities		
(Increase) decrease in:		
Accounts receivable	24,854	57,916
Prepaid expenses	-	-
Increase (decrease) in:		
Accounts payable	(19,849)	13,924
Net cash provided by (used in) operating activities	91,543	(63,557)
CASH FLOW FROM INVESTING ACTIVITIES:		
(Increase) decrease of investments	407	(125)
Capital expenditures	(1,201)	(1,359)
Net cash used in investing activities	(794)	(1,484)
CASH FLOW FROM FINANCING ACTIVITIES:		
Payments on long-term debt	(18,095)	(41,736)
Net borrowing (repayment) on line of credit	(20,000)	20,000
Net cash used in financing activities	(38,095)	(21,736)
Net change in cash and cash equivalents	52,654	(86,777)
Cash at beginning of year	17,477	104,254
Cash at end of year	\$ 70,131	\$ 17,477
Supplemental cash flow information		
Interest received during the year	\$ 32	\$ 470
Interest paid during the year	\$ 1,073	\$ 4,492

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, 2022 and 2021

	2022				2021			
	Programs	General and Administrative	Fundraising	Total	Programs	General and Administrative	Fundraising	Total
Depreciation	\$ -	\$ 3,790	\$ -	\$ 3,790	\$ -	\$ 4,607	\$ -	\$ 4,607
Salaries	91,945	31,930	-	123,875	88,276	27,360	13,028	128,664
Payroll taxes/benefits	7,468	2,594	-	10,062	18,815	1,535	828	21,178
Contract services	60,857	-	43,000	103,857	99,471	7,342	52,000	158,813
Special events	-	-	3,818	3,818	-	-	-	-
Donated technical services	152,745	-	-	152,745	254,225	-	-	254,225
Travel and entertainment	33,728	-	-	33,728	14,363	-	-	14,363
Computer and IT services	15,209	-	-	15,209	18,554	-	-	18,554
Professional fees	-	14,213	-	14,213	-	14,558	-	14,558
Postage and delivery	-	774	-	774	-	388	-	388
Office supplies	-	2,248	-	2,248	-	7,109	-	7,109
Dues and subscriptions	1,857	-	-	1,857	2,172	-	-	2,172
Insurance	-	5,158	-	5,158	-	3,943	-	3,943
Equipment	5,920	-	-	5,920	1,677	-	-	1,677
Training and related materials	32,931	-	-	32,931	19,883	-	-	19,883
Website	5,106	-	-	5,106	8,510	-	-	8,510
Occupancy	56,241	14,060	-	70,301	23,753	-	-	23,753
Other	4,814	-	-	4,814	3,773	-	-	3,773
Interest and bank fees	-	1,073	-	1,073	-	3,917	-	3,917
	<u>\$ 468,821</u>	<u>\$ 75,840</u>	<u>\$ 46,818</u>	<u>\$ 591,479</u>	<u>\$ 553,472</u>	<u>\$ 70,759</u>	<u>\$ 65,856</u>	<u>\$ 690,087</u>
Supplementary Information:								
Percentage to total	79.3%	12.8%	7.9%	100.0%	77.5%	11.2%	11.3%	100.0%

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

THE SHAKEN BABY ALLIANCE, INC.
Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Nature of Activities

The Shaken Baby Alliance, Inc. (“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, INC.
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, 2022 and 2021.

THE SHAKEN BABY ALLIANCE, INC.
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 2022 and 2021 was \$152,745 and \$254,225, respectively, and \$48,600 for donated occupancy in 2022 which has been reported on the statement of activities as support and program services and general and administrative expense.

(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, INC.
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 2022 or 2021.

(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.

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 \$1,000 per month.

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.

THE SHAKEN BABY ALLIANCE, INC.
Notes to Financial Statements

Future minimum maturities under the note are as follows:

2023	8,176
2024	8,425
2025	8,681
2026	8,953
Thereafter	28,818

In March 2023, this loan was forgiven and will be reflected as a contribution in the statement of activities.

The Alliance has a \$100,000 line of credit with a local lending institution. The line of credit was renewed April 22, 2022 and currently matures on June 21, 2024. The line of credit carries interest at the prime rate (7.5% at December 31, 2022) but carries a minimum rate of 3.5%. The line of credit is secured by a certificate of deposit held by a family trust of a board member. At December 31, 2022, nothing was drawn on the line of credit.

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.