

*Financial Statements*

**NATIONAL CENTER ON  
SHAKEN BABY SYNDROME**

**(A Nonprofit Corporation)**

**June 30, 2007 and 2006**

**(With Independent Auditors' Report)**

**NATIONAL CENTER ON SHAKEN BABY SYNDROME**  
**Financial Statements**  
**June 30, 2007 and 2006**  
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## INDEPENDENT AUDITORS' REPORT

**The Board of Directors  
National Center on Shaken Baby Syndrome  
Ogden, Utah**

We have audited the accompanying statements of financial position of the National Center on Shaken Baby Syndrome (a nonprofit corporation) as of June 30, 2007 and 2006, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Center's management. 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the National Center on Shaken Baby Syndrome as of June 30, 2007 and 2006, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Ogden, Utah  
September 14, 2007



**NATIONAL CENTER ON SHAKEN BABY SYNDROME**  
**Statements of Financial Position**  
**June 30, 2007 and 2006**

<u>ASSETS</u>	<u>2007</u>	<u>2006</u>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 195,464	\$ 190,541
Investments	647,557	679,508
Accounts receivable, net	22,890	24,164
Inventory, net	81,048	56,832
Prepaid expenses	<u>14,477</u>	<u>35,509</u>
<b>Total current assets</b>	<u>961,436</u>	<u>986,554</u>
Furniture, equipment and software	81,494	76,784
Accumulated depreciation	<u>(67,022)</u>	<u>(58,992)</u>
<b>Furniture, equipment and software, net</b>	<u>14,472</u>	<u>17,792</u>
	<u>\$ 975,908</u>	<u>\$1,004,346</u>
 <b><u>LIABILITIES AND NET ASSETS</u></b>  		
<b>Current liabilities:</b>		
Accounts payable	\$ 13,199	\$ 28,101
Accrued expenses	22,286	22,405
Deferred revenue	<u>8,000</u>	<u>64,588</u>
<b>Total current liabilities</b>	<u>43,485</u>	<u>115,094</u>
<b>Net assets:</b>		
Temporarily restricted	168,710	128,626
Unrestricted	<u>763,713</u>	<u>760,626</u>
<b>Total net assets</b>	<u>932,423</u>	<u>889,252</u>
	<u>\$ 975,908</u>	<u>\$1,004,346</u>

See accompanying notes and auditors' report.

**NATIONAL CENTER ON SHAKEN BABY SYNDROME**  
**Statements of Activities**  
**For The Years Ended June 30, 2007 and 2006**

	<u>2007</u>	<u>2006</u>
<b><u>UNRESTRICTED NET ASSETS</u></b>		
<b>Revenues and support:</b>		
Foundation and public support	\$ 90,620	\$ 363,072
Grants	287,456	56,796
Conferences and services	558,281	322,813
Donated materials and services	32,550	28,459
Net assets released from restrictions	28,224	30,000
Translation gain (loss)	(3,711)	6,102
Interest income	2,665	1,951
Loss on disposal of fixed assets	(179)	(1,673)
Investment income (loss)	<u>(4,799)</u>	<u>25,428</u>
<b>Total revenues and support</b>	<u>991,107</u>	<u>802,948</u>
<b>Expenses:</b>		
Programs and services	821,867	629,389
General and administrative	<u>166,153</u>	<u>160,281</u>
<b>Total expenses</b>	<u>988,020</u>	<u>789,670</u>
<b>Increase in unrestricted net assets</b>	<u>3,087</u>	<u>13,278</u>
<b><u>TEMPORARILY RESTRICTED NET ASSETS</u></b>		
<b>Revenues and support:</b>		
Grants restricted for Brisith Columbia Prevention Programs	4,643	17,485
Grants restricted for North American conference	-	4,484
Grants restricted for Incidence Symposium	-	23,740
Grants restricted for production of Spanish Purple materials	-	30,000
Grants restricted for Utah Hospital based programs	47,650	-
Grants restricted for transalation of Purple Program materials	16,015	-
Net assets released from restrictions	<u>(28,224)</u>	<u>-</u>
<b>Increase in temporarily restricted net assets</b>	<u>40,084</u>	<u>75,709</u>
<b>Increase in net assets</b>	43,171	58,987
Net assets, beginning of year	<u>889,252</u>	<u>830,265</u>
<b>Net assets, end of year</b>	<u>\$ 932,423</u>	<u>\$ 889,252</u>

See accompanying notes and auditors' report.

**NATIONAL CENTER ON SHAKEN BABY SYNDROME**  
**Statement of Functional Expenses**  
**For The Year Ended June 30, 2007**

<u>Expense</u>	<u>Programs &amp; Services</u>	<u>General &amp; Administrative</u>	<u>Total</u>
Salaries	\$311,827	\$ 99,220	\$411,047
Program materials costs	155,023	-	155,023
Direct conference costs	107,168	-	107,168
Payroll taxes and benefits	57,420	18,270	75,690
Postage	32,029	10,191	42,220
Miscellaneous	25,261	7,967	33,228
Rent	18,201	5,791	23,992
Travel	19,440	6,185	25,625
Printing	16,781	5,339	22,120
Professional services	18,117	396	18,513
Program costs	17,416	-	17,416
Telephone and internet	10,875	3,460	14,335
Office supplies	8,355	2,660	11,015
Marketing	8,155	2,595	10,750
Depreciation	6,887	2,191	9,078
Advisory board	2,976	-	2,976
Mileage and car allowance	985	313	1,298
Repairs and maintenance	<u>4,951</u>	<u>1,575</u>	<u>6,526</u>
<b>Total functional expenses</b>	<u>\$821,867</u>	<u>\$166,153</u>	<u>\$988,020</u>

See accompanying notes and auditors' report.

**NATIONAL CENTER ON SHAKEN BABY SYNDROME**  
**Statement of Functional Expenses**  
**For The Year Ended June 30, 2006**

<u>Expense</u>	<u>Programs &amp; Services</u>	<u>General &amp; Administrative</u>	<u>Total</u>
Salaries	\$290,462	\$ 91,380	\$381,842
Program materials costs	105,216	-	105,216
Direct conference costs	26,352	-	26,352
Payroll taxes and benefits	46,184	14,530	60,714
Postage	37,960	11,942	49,902
Miscellaneous	17,285	7,014	24,299
Rent	17,338	5,454	22,792
Travel	6,888	2,167	9,055
Printing	14,292	4,495	18,787
Professional services	637	12,049	12,686
Program costs	23,354	-	23,354
Telephone and internet	10,646	3,349	13,995
Office supplies	11,318	3,561	14,879
Marketing	3,994	1,256	5,250
Depreciation	7,135	2,244	9,379
Advisory board	7,655	-	7,655
Mileage and car allowance	<u>2,673</u>	<u>840</u>	<u>3,513</u>
<b>Total functional expenses</b>	<b><u>\$629,389</u></b>	<b><u>\$ 160,281</u></b>	<b><u>\$789,670</u></b>

See accompanying notes and auditors' report.

**NATIONAL CENTER ON SHAKEN BABY SYNDROME**  
**Statements of Cash Flows**  
**For The Years Ended June 30, 2007 and 2006**

	<u>2007</u>	<u>2006</u>
<b>Cash flows from operating activities:</b>		
Increase in net assets	\$ 43,171	\$ 58,987
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	9,078	9,379
Unrealized (gain) loss on investments	46,605	(4,454)
Loss on disposal of furniture, equipment and software	179	1,674
Provision for obsolete inventory	8	(2,895)
Change in:		
Accounts receivable	1,274	2,196
Prepaid expenses	21,032	(33,158)
Inventory	(24,224)	(14,857)
Accounts payable	(14,902)	28,101
Accrued expenses	(119)	4,713
Deferred revenue	(56,588)	64,588
<b>Net cash provided by operating activities</b>	<u>25,514</u>	<u>114,274</u>
<b>Cash flows from investing activities:</b>		
Purchase of investments	(14,654)	(77,207)
Proceeds from disposition of furniture, equipment and software	-	463
Purchase of furniture, equipment and software	(5,937)	(14,905)
<b>Net cash used in investing activities</b>	<u>(20,591)</u>	<u>(91,649)</u>
<b>Net increase in cash and cash equivalents</b>	4,923	22,625
Cash and cash equivalents, beginning of period	<u>190,541</u>	<u>167,916</u>
<b>Cash and cash equivalents, end of period</b>	<u>\$ 195,464</u>	<u>\$ 190,541</u>

See accompanying notes and auditors' report.

**NATIONAL CENTER ON SHAKEN BABY SYNDROME**  
**Notes to Financial Statements**  
**June 30, 2007 and 2006**

**1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of the National Center on Shaken Baby Syndrome (the "Center") is presented to assist in understanding the Center's financial statements. The financial statements and notes are representations of the Center's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America.

**Nature of Activities**

The National Center on Shaken Baby Syndrome is a nonprofit corporation. The Center is a nationally recognized provider of educational services and training in regard to preventing shaken baby syndrome. While the majority of the Center's activities take place in Utah, the Center presents programs both nationally and internationally.

**Basis of Accounting**

The financial statements of the Center have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

**Basis of Presentation**

The Center reports its financial statement activity under the provisions of Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-For-Profit Organizations*. In accordance with the provisions of SFAS No. 117, the Center is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

In accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, support that is restricted by a donor is reported as an increase in unrestricted net assets 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 temporarily or permanently restricted net assets depending on the nature of the restriction (Note 7). When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**NATIONAL CENTER ON SHAKEN BABY SYNDROME**  
**Notes to Financial Statements, continued**  
**June 30, 2007 and 2006**

**1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES,**  
**continued**

**Basis of Presentation, continued**

It is the directive of the Board of Directors to use all unrestricted net assets to fund the following: ongoing and future shaken baby prevention programs, SBS research projects, up front funding for conferences and symposiums and as matching funds when applying for grants. As of June 30, 2007 and 2006, the unrestricted funds that fit in these categories were \$763,713 and \$760,626, respectively. The Center projects that a significant portion of these balances will be required to maintain ongoing operations in the next several years.

**Income Taxes**

The Center is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. It operated as a private operating foundation under Section 4942 (j)(3) of the Internal Revenue Code during the year ended June 30, 2006. During the year ended June 30, 2007, it applied for and was granted status as a nonprofit organization.

**Financial Instruments**

Cash and cash equivalents include highly liquid, short-term investments with original maturities of three months or less that are readily convertible to known amounts of cash. The amounts reported as cash and cash equivalents, accounts receivable, marketable securities, accounts payable, accrued expenses, prepaid expenses and deferred revenues are considered to be reasonable approximations of the fair value of these assets and liabilities as of June 30, 2007 and 2006.

**Furniture, Equipment and Software**

All major furniture, equipment and software expenditures are capitalized. Donated property and equipment are recorded at their estimated fair values at the time of donation. Expenditures for maintenance and repairs are expensed as incurred. Furniture, equipment and software are depreciated on a straight-line basis over their estimated useful lives of three to ten years.

When furniture, equipment and software are sold or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected in the statements of activities. Depreciation expense for the fiscal years ended June 30, 2007 and 2006, was \$9,078 and \$9,379, respectively.

**NATIONAL CENTER ON SHAKEN BABY SYNDROME**  
**Notes to Financial Statements, continued**  
**June 30, 2007 and 2006**

**1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES,**  
**continued**

**Inventory**

Inventory consists primarily of printed materials for the education and prevention of shaken baby syndrome, and is stated at the lower of cost (first-in, first-out) or market. Provisions, when required, are made to reduce excess and obsolete inventory to its estimated net realizable value. As of June 30, 2007 and 2006, the provision for obsolete inventory was \$3,112 and \$3,105, respectively.

**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 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.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Foreign Currency Translation**

Funds received and disbursed for Canadian conferences or seminars are maintained in a separate general ledger and combined with U.S. operations for financial reporting purposes. Assets and liabilities of the Canadian operations are translated using the average exchange rates for the reporting period. Translation adjustments are reported in the statements of activities, as an adjustment to net assets. The Canadian accounts were closed in the year ended June 30, 2007 and the funds were transferred to a U.S. investment account.

**Financial Statement Presentation**

Certain reclassifications were made to the 2006 financial statement presentation to conform to the 2007 financial statement presentation. These reclassifications have no impact on previously reported net income or net assets.

**NATIONAL CENTER ON SHAKEN BABY SYNDROME**  
**Notes to Financial Statements, continued**  
**June 30, 2007 and 2006**

**2. INVESTMENTS**

The Center has a commitment to keep an investment account of enough funds to operate without additional funding for one full year. At June 30, 2007, investments consisted of mutual funds totaling approximately \$363,300 and certificates of deposit totaling approximately \$284,200. At June 30, 2006, investments consisted of money funds totaling approximately \$214,600 and certificates of deposit totaling approximately \$464,900.

The fair value of investments is the net asset values as reported by the broker. These securities are subject to fluctuations in value due to changes in interest rates and other factors affecting the financial markets.

Investment gains consisted of the following for the fiscal year ended June 30, 2007:

Interest	\$ 18,011
Dividends	18,594
Realized gains	5,201
Unrealized losses	<u>(46,605)</u>
	\$ <u>(4,799)</u>

**3. ACCOUNTS RECEIVABLE**

Various accounts receivable arise in the normal course of operations of the Center. Receivables are due 30 days after the issuance of the invoice and are considered delinquent when 90 days past due. Interest is generally not charged on overdue receivables. The collectibility of accounts receivable is assessed periodically. As of June 30, 2007 and 2006, an allowance of \$1,500 was provided for potentially uncollectible accounts.

**4. DEFERRED REVENUES AND PREPAID EXPENSES**

Deferred revenues and prepaid expenses are comprised primarily of amounts earned and amounts paid prior to year-end directly related to conferences to be held in the following fiscal year. The Center recognizes the revenues and expenses in the month the event occurs.

**NATIONAL CENTER ON SHAKEN BABY SYNDROME**  
**Notes to Financial Statements, continued**  
**June 30, 2007 and 2006**

**5. OFFICE SPACE**

The Center maintains office and storage space in Ogden, Utah. For the fiscal year ending June 30, 2006, a private foundation contributed office and storage space with a fair value of \$20,993. For the fiscal year ended June 30, 2007, the Center paid rent of \$3,600 for office space and a private foundation contributed office and storage space with a fair value of \$20,392.

**6. RETIREMENT SAVINGS PLAN**

The Center has a qualified retirement plan covering eligible employees. For the fiscal years ended June 30, 2007 and 2006, the Center's contribution to the retirement plan was \$7,026 and \$7,176, respectively.

**7. TEMPORARILY RESTRICTED NET ASSETS**

During the year ended June 30, 2007, the Center received funds for use in supporting the Utah Hospital Based Program, the translation of the Purple program and the production of Spanish materials for the Purple program. When requirements of the restrictions are met, the funds will no longer be considered temporarily restricted. As of June 30, 2007, temporarily restricted net assets totaled \$168,710.

During the year ended June 30, 2006, the Center received funds from private foundations and the Canadian government which are restricted for use in supporting Canadian SBS prevention programs offered in British Columbia, and for use in supporting the Incidence Symposium and the North America conferences, both to be held in the fall of 2006. When requirements of the restrictions are met, the funds will no longer be considered temporarily restricted. As of June 30, 2006, temporarily restricted net assets totaled \$128,626.

**NATIONAL CENTER ON SHAKEN BABY SYNDROME**  
**Notes to Financial Statements, continued**  
**June 30, 2007 and 2006**

**8. DONATED MATERIALS AND SERVICES**

The Center records the value of donated materials or services when there is an objective basis available to measure the value of the material and services. Donated services included in the statements of activities for the fiscal year ended June 30, 2007, consisted of rent in the amount of \$20,392, selling and printing and resource material services of \$3,849 and professional services of \$8,309. Donated services included in the statements of activities for the fiscal year ended June 30, 2006, consisted of rent in the amount of \$20,993, selling and printing services of \$1,914 and professional services of \$5,552.

No amounts have been reflected in the financial statements for volunteer services as no objective basis is available to measure the value of these services. Nevertheless, a substantial number of volunteers donated significant amounts of time to the Center's programs and fund raising efforts.

**9. CONCENTRATIONS OF CREDIT RISK**

The Center maintains its cash with two financial institutions. At various times during the fiscal year, the Center's cash in bank balances may exceed federally insured limits. As of June 30, 2007 and 2006, the Center's uninsured cash balances totaled approximately \$53,900 and \$33,800, respectively.

**10. CONCENTRATIONS OF REVENUE**

During the fiscal year ended June 30, 2007, the Center received approximately 97 percent of its foundation, grant and public support revenue from a single grantor. In total, the organization provided approximately 36 percent of the Center's total revenue.

During the fiscal year ended 2006, the Center received approximately 57 percent of its foundation and public support revenue from a single private foundation. In addition, this same donor contributed office space with a fair market value \$20,993 for the fiscal year ended June 30, 2006, respectively. In total, the single donor provided approximately 31 percent of the Center's total revenue for the year ended June 30, 2006.