Financial Statements
June 30, 2018 and 2017

National Center on Shaken Baby Syndrome

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Financial Statements

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Independent Auditor's Report

The Executive Committee
National Center on Shaken Baby Syndrome
Ogden, Utah

Report on the Financial Statements
We have audited the accompanying financial statements of National Center on Shaken Baby Syndrome (the Center), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows 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 accounting 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 National Center on Shaken Baby Syndrome as of June 30, 2018 and 2017, 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.

Eide Bailly LLP

Ogden, Utah
November 12, 2018

	2018	2017
Assets		
Cash and cash equivalents	$ 32,258	$ 77,396
Operating investments	584,211	638,918
Accounts receivable, net	217,936	185,472
Inventories, net	94,536	81,029
Prepaid expenses	39,235	6,265
Property and equipment, net	4,778	9,475
Total assets	$ 972,954	$ 998,555
Liabilities and Net Assets		
Accounts payable	$ 102,604	$ 130,497
Accrued expenses and other liabilities	44,342	47,855
Deferred revenue	72,004	10,650
Total liabilities	218,950	189,002
Net Assets		
Unrestricted	733,965	793,979
Temporarily restricted	20,039	15,574
Total net assets	754,004	809,553
	$ 972,954	$ 998,555

	2018	2017
Changes in Unrestricted Net Assets		
Revenue, gains, and other support		
Sales of resource materials	$ 1,046,755	$ 1,304,515
Less cost of goods sold	(292,988)	(406,224)
Net sales of resource materials	753,767	898,291
Conferences and services	-	125,512
Program support	114,806	92,291
In-kind contributions	10,755	13,612
Net investment return	20,805	29,280
Net assets released from restrictions	54,068	47,743
Total revenue, gains, and other support	954,201	1,206,729
Expenses		
Programs and services	803,379	990,859
Management and general	176,618	173,762
Fundraising and development	34,218	40,249
Total expenses	1,014,215	1,204,870
Change in unrestricted net assets	(60,014)	1,859
Changes in Temporarily Restricted Net Assets		
Grants, foundation and public support	58,533	27,500
Conferences and services	-	6,750
Net assets released from restrictions	(54,068)	(47,743)
Change in temporarily restricted net assets	4,465	(13,493)
Change in Net Assets	(55,549)	(11,634)
Net Assets, Beginning of Year	809,553	821,187
Net Assets, End of Year	$ 754,004	$ 809,553

	Programs and Services	Management and General	Fundraising and Development	Total
Salaries	$ 385,128	$ 105,035	$ 10,003	$ 500,166
Program and grant expense	141,382	8,317	16,633	166,332
Payroll taxes and benefits	56,192	15,325	1,460	72,977
Marketing	2,134	-	-	2,134
Shipping and postage	42,508	447	1,790	44,745
Rent	41,571	11,338	1,080	53,989
Travel	24,242	2,154	539	26,935
Office supplies	7,429	2,026	193	9,648
Professional services	52,544	25,476	1,592	79,612
Depreciation	4,706	1,283	122	6,111
Telephone and internet	6,657	1,816	173	8,646
Miscellaneous	21,314	-	-	21,314
Production/translation/media	5,388	599	-	5,987
Printing	1,462	-	365	1,827
Repairs and maintenance	5,300	1,445	138	6,883
Training	449	-	-	449
Interest	830	227	22	1,079
Utilities	4,143	1,130	108	5,381
Total expenses by function	$ 803,379	$ 176,618	$ 34,218	$ 1,014,215

	Programs and Services	Management and General	Fundraising and Development	Total
Salaries	$ 402,239	$ 109,701	$ 10,448	$ 522,388
Direct conference costs	119,681	-	-	119,681
Program and grant expense	191,673	11,275	22,550	225,498
Payroll taxes and benefits	56,276	15,348	1,462	73,086
Marketing	4,541	-	-	4,541
Shipping and postage	47,234	497	1,989	49,720
Rent	40,816	11,131	1,060	53,007
Travel	31,623	2,810	703	35,136
Office supplies	3,324	907	86	4,317
Professional services	28,270	13,707	857	42,834
Depreciation	4,172	1,138	108	5,418
Telephone and internet	5,898	1,609	153	7,660
Miscellaneous	23,121	-	-	23,121
Production/translation/media	14,112	1,568	-	15,680
Printing	1,785	-	446	2,231
Repairs and maintenance	9,400	2,563	244	12,207
Training	1,168	-	-	1,168
Interest	1,168	319	30	1,517
Utilities	4,358	1,189	113	5,660
Total expenses by function	$ 990,859	$ 173,762	$ 40,249	$ 1,204,870

	2018	2017
Operating Activities		
Change in net assets	$ (55,549)	$ (11,634)
Adjustments to reconcile change in net assets to net cash used for operating activities		
Depreciation	6,111	5,418
Realized and unrealized (gain) loss on operating investments	629	(13,597)
Changes in operating assets and liabilities		
Accounts receivable	(32,464)	(20,463)
Inventories	(13,507)	22,534
Prepaid expenses	(32,970)	44,401
Accounts payable	(27,893)	(21,533)
Accrued expenses and other liabilities	(3,513)	(2,789)
Deferred revenue	61,354	(42,669)
Net Cash used for Operating Activities	(97,802)	(40,332)
Investing Activities		
Purchases of operating investments	(115,171)	(114,174)
Proceeds from sales of operating investments	169,249	89,033
Purchases of property and equipment	(1,414)	(5,941)
Net Cash from (used for) Investing Activities	52,664	(31,082)
Net Change in Cash and Cash Equivalents	(45,138)	(71,414)
Cash and Cash Equivalents, Beginning of Year	77,396	148,810
Cash and Cash Equivalents, End of Year	$ 32,258	$ 77,396

Note 1 - Principal Activity and Significant Accounting Policies

Organization

The National Center on Shaken Baby Syndrome (the Center) was organized to collect public support funds and to allocate these funds to community Centers in need.

The mission of the Center is to prevent shaken baby syndrome and promote the well-being of infants generally through the development and implementation of programs, policy and research; and to support and educate families, caregivers and professionals.

The Center is a nationally recognized provider of educational services and training regarding the prevention of shaken baby syndrome. While the majority of the Center's activities take place in Utah, the Center presents programs both nationally and internationally. The Center's source of revenue comes from grants received, donations, fundraising, investment income and the provision of educational materials.

Cash and Cash Equivalents

The Center considers all cash and highly liquid financial instruments with original maturities of three months or less and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due for campaign pledges and various grants. The Center determined the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. At June 30, 2018 and 2017, the allowance was $1,500.

Inventories

As of January 1, 2017, the Center adopted Accounting Standards Update (ASU) 2015-11, *Inventory: Simplifying the Measurement of Inventory*. This update requires inventory to be measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. Adoption of this accounting standard update is on a prospective basis.

The Center's inventory is comprised of items such as DVD's, pamphlets and other program related resource materials. Inventories are stated at the lower of cost, determined on a first in, first out basis, or market value.

Property and Equipment

Property and equipment additions over $250 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 10 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term.

When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Center reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. The Center determined that there were no indicators of asset impairment during the years ended June 30, 2018 and 2017.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets available for use in general operations. Unrestricted board-designated net assets consist of net assets designated by the Board of Directors for operating reserve and board-designated endowment.

Temporarily Restricted Net Assets – Net assets subject to donor restrictions that may or will be met by expenditures or our actions and/or the passage of time, and certain income earned on permanently restricted net assets that has not yet been appropriated for expenditure by the Board of Directors.

The Center reports contributions as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by the Center's actions. The restrictions stipulate that resources be maintained permanently but permit the Center to expend the income generated in accordance with the provisions of the agreements.

The Center had no permanently restricted amounts to report as of June 30, 2018 and 2017; therefore, all amounts are displayed as unrestricted or temporarily restricted.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to the Center program services, administration and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Center records donated professional services at the respective fair values of the services received (Note 9).

Advertising Costs

The Center uses advertising to promote its programs among the audiences it serves and to encourage contributions. Advertising costs are expensed as incurred, and approximated $2,100 and $4,500 during the years ended June 30, 2018 and 2017, respectively.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Center is organized as a Utah nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an Center described in Section 501(c)(3), qualify for the charitable contribution deduction under Section 170(b)(1)(A)(vi), and have been determined not to be a private foundation under Sections 509(a)(1) and (3), respectively.

The Center is annually required to file a Return of Center Exempt from Income Tax (Form 990) with the IRS. In addition, the Center is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Center has determined it is not subject to unrelated business income tax and has not filed an Exempt Center Business Income Tax Return (Form 990-T) with the IRS.

The Center believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Center would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 and those differences could be material.

Financial Instruments and Credit Risk

The Center manages deposit concentration risk by placing cash, money market accounts, fixed income bonds and mutual funds with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Center has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, governmental agencies, and foundations supportive of the Center's mission. Investments are made by diversified investment managers whose performance is monitored by the Center and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Center and the Board of Directors believe that the investment policies and guidelines are prudent for the long-term welfare of the Center.

Recent Accounting Guidance

The Financial Accounting Standards Board issued ASU 2016-14 (the ASU) *Presentation of Financial Statements for Not-for-Profit Entities* during August 2016, which modifies the presentation and disclosure requirements of not-for-profit entities. The provisions of the ASU replace the existing three classes of net assets with two new classes (net assets without donor restrictions and net assets with donor restrictions) and enhance the disclosure requirements for the Center's donor restricted endowment funds and underwater endowments. The ASU introduces new disclosure requirements to provide information about what is included or excluded from the Center's intermediate measure of operations as well as disclosures to improve a financial statement user's ability to assess the Center's liquidity and exposure to risk. The ASU also introduces new reporting requirements to present expenses by both function and natural classification in a single location and to present investment returns on the statements of activities net of external and direct internal investment expenses. The ASU is effective for the Center for the year ended June 30, 2019. Management is evaluating the impact of the adoption on this standard.

Subsequent Events

The Center has evaluated subsequent events through November 12, 2018, the date the financial statements were available to be issued.

Note 2 - Fair Value Measurements and Disclosures

The Center reports certain assets and liabilities at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable.

Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset or liability.

All of the Center's investment assets are classified within Level 1 because they are comprised of open-end mutual funds and fixed income bonds with readily determinable fair values based on daily redemption values.

The following table presents assets measured at fair value on a recurring basis at June 30, 2018:

		Fair Value Measurements at Report Date Using		
Assets	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Operating investments				
Fixed income bonds	$ 365,080	$ 365,080	$ -	$ -
Mutual funds	219,131	219,131	-	-
	$ 584,211	$ 584,211	$ -	$ -

The following table presents assets measured at fair value on a recurring basis at June 30, 2017:

		Fair Value Measurements at Report Date Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Operating investments				
Fixed income bonds	$ 419,454	$ 419,454	$ -	$ -
Mutual funds	219,464	219,464	-	-
	$ 638,918	$ 638,918	$ -	$ -

Note 3 - Net Investment Return

Net investment return consists of the following for the years ended June 30, 2018 and 2017:

	2018	2017
Operating investments		
Interest and dividends	$ 21,434	$ 15,683
Net realized and unrealized gain (loss)	(629)	13,597
	$ 20,805	$ 29,280

Note 4 - Inventories

At June 30, 2018 and 2017 inventories consist of the following:

	2018	2017
Finished Goods	$ 97,536	$ 84,029
Less reserves	(3,000)	(3,000)
	$ 94,536	$ 81,029

Note 5 - Property and Equipment

Property and equipment consists of the following at June 30, 2018 and 2017:

	2018	2017
Furniture and fixtures	$ 81,855	$ 80,441
Less accumulated depreciation	(77,077)	(70,966)
	$ 4,778	$ 9,475

Depreciation expense totaled $6,111 and $5,418 for the years ended June 30, 2018 and 2017, respectively.

Note 6 - Leases

The Center leases office space in Farmington, Utah under an operating lease expiring on June 30, 2021.

Future minimum lease payments are as follows:

Years Ending June 30,	
2019	$ 37,870
2020	38,627
2021	39,400
	$ 115,897

Rent expense for the years ended June 30, 2018 and 2017 totaled $53,989 and $53,007, respectively.

Note 7 - Employee Benefits

The Center has a qualified retirement plan whereby employees who work more than 20 hours a week can contribute up to 100 percent of their salary within statutory limits. The employer has the option to make discretionary contributions. During the years ended June 30, 2018 and 2017, the Center made contributions of $11,905 and $12,774, respectively.

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Note 8 - Temporarily Restricted Net Assets

Temporarily restricted net assets include monies received, which have not been expended for their specific purposes, which are restricted by donors. Temporarily restricted net assets as of June 30, 2018 and 2017, consist of:

	Balance, June 30, 2016	Revenues	Approved Releases	Balance, June 30, 2017	Revenues	Approved Releases	Balance, June 30, 2018
Sorenson Legacy Foundation	$ -	$ -	$ -	$ -	$ 10,000	$ (10,000)	$ -
Ashton Family Foundation	-	-	-	-	1,000	(1,000)	-
Larry H. Miller Charities	10,000	-	(10,000)	-	9,500	(9,500)	-
Lawrence T. and Janet T. Dee Foundations	2,500	3,000	(2,600)	2,900	3,500	(6,400)	-
Graham Consulting	-	16,000	(15,826)	174	13,000	(13,135)	39
George and Delores Eccles Foundation	10,000	10,000	(10,000)	10,000	10,000	(10,000)	10,000
Lucy Rorke-Adams/Harry Knowles	2,500	-	-	2,500	10,000	(2,500)	10,000
Matty Eappen	-	3,750	(3,750)	-	-	-	-
Miscellaneous donations	67	-	(67)	-	33	(33)	-
Select Health	2,500	-	(2,500)	-	-	-	-
Rocky Mountain Power Foundation	1,500	1,500	(3,000)	-	1,500	(1,500)	-
	$ 29,067	$ 34,250	$ (47,743)	$ 15,574	$ 58,533	$ (54,068)	$ 20,039

In 2018, net assets were released from donor restrictions by collecting pledges or by incurring expenditures satisfying the restricted purposes in the amounts of $54,068. These amounts are included in net assets released from restrictions in the accompanying financial statements.

Note 9 - Donated Professional Services and Materials

The Center received donated professional services and materials as follows during the years ended June 30, 2018 and 2017:

	Program Services	Management and General	Fundraising and Development	Total
June 30, 2018				
Professional services	$ -	$ 10,755	$ -	$ 10,755
June 30, 2017				
Professional services	$ -	$ 13,612	$ -	$ 13,612