

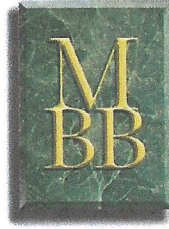
Montemayor Britton Bender PC

CERTIFIED PUBLIC ACCOUNTANTS

BABIES OF HOMELESSNESS

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2019



Montemayor Britton Bender PC
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Babies of Homelessness

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Babies of Homelessness, which comprise the statement of assets, liabilities and net assets-modified cash basis as of 31 December 2019, and the related statement of revenue, expenses and changes in net assets-modified cash basis, and statement of functional expenses-modified cash basis for the year 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 the modified cash basis of accounting described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 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 assets, liabilities, and net assets of Babies of Homelessness as of 31 December 2019, and its revenue, expenses and changes in net assets for the year then ended, in accordance with the basis of accounting as described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Montemayor Britton Bender PC

9 June 2020
Austin, Texas

BABIES OF HOMELESSNESS

STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS-MODIFIED CASH BASIS

31 DECEMBER 2019

ASSETS

Cash	\$130,165
Inventory	15,776
Fixed assets	<u>30,421</u>
	<u>\$176,362</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Payroll liabilities	<u>\$3,433</u>
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NET ASSETS WITHOUT DONOR RESTRICTIONS

<u>172,929</u>
<u>\$176,362</u>

The accompanying notes are an integral part of this financial statement presentation.

BABIES OF HOMELESSNESS

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS-MODIFIED CASH BASIS

YEAR ENDED 31 DECEMBER 2019

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
REVENUE			
Contributions	\$144,220	\$21,769	\$165,989
Contributed goods	37,106	0	37,106
Bank Interest	36	0	36
Net assets released from restrictions	<u>21,769</u>	<u>(21,769)</u>	<u>0</u>
	<u>203,131</u>	<u>0</u>	<u>203,131</u>
EXPENSES			
Program	116,281	0	116,281
Administration	25,519	0	25,519
Fundraising	<u>11,879</u>	<u>0</u>	<u>11,879</u>
	<u>153,679</u>	<u>0</u>	<u>153,679</u>
CHANGE IN NET ASSETS	49,452	0	49,452
BEGINNING NET ASSETS	<u>123,477</u>	<u>0</u>	<u>123,477</u>
ENDING NET ASSETS	<u>\$172,929</u>	<u>\$0</u>	<u>\$172,929</u>

The accompanying notes are an integral part of this financial statement presentation.

BABIES OF HOMELESSNESS

STATEMENT OF FUNCTIONAL EXPENSES-MODIFIED CASH BASIS

YEAR ENDED 31 DECEMBER 2019

	<u>Program</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
Payroll	\$37,816	\$8,727	\$11,636	\$58,179
Family support	46,849	0	0	46,849
Operations	10,603	10,603	0	21,206
Rent, parking, utilities	5,368	0	0	5,368
Depreciation	5,021	0	0	5,021
Community outreach events	4,478	0	0	4,478
Contract services	0	2,975	0	2,975
Volunteer	1,771	0	0	1,771
Vehicle	1,492	0	0	1,492
Other	<u>2,883</u>	<u>3,214</u>	<u>243</u>	<u>6,340</u>
	<u>\$116,281</u>	<u>\$25,519</u>	<u>\$11,879</u>	<u>\$153,679</u>

The accompanying notes are an integral part of this financial statement presentation.

BABIES OF HOMELESSNESS

NOTES TO FINANCIAL STATEMENTS

NOTE 1: ORGANIZATION

Babies of Homelessness is a non-profit organization formed in 2016 and located in Bothell, Washington. The mission of Babies of Homelessness is to deliver basic need items to the babies of families experiencing homelessness, without wait lists or referrals. Babies of Homelessness is governed by six member Board of Directors and is staffed entirely by volunteers and one full-time Executive Director.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL STATEMENT PRESENTATION

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

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions

Net assets subject to donor (or certain grantor) imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when the restriction expires, which includes when the stipulated time has elapsed, when the stipulated purpose for which the restricted resource has been fulfilled, or both.

BASIS OF ACCOUNTING

Babies of Homelessness uses the modified cash basis of accounting which recognizes revenue when cash is received and expenses when cash is paid. Contributed baby supplies are capitalized upon receipt and recorded as an expense as they are provided. Fixed assets are capitalized and a provision for depreciation is provided for in expense. Additionally, payroll liabilities are accrued when the obligation is incurred.

EXPENSE ALLOCATION

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Payroll expenses are allocated based on estimates of time and effort. Operations and other expenses are allocated based on management's review and analysis of expenses and transactions involved.

BABIES OF HOMELESSNESS

NOTES TO FINANCIAL STATEMENTS

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, or 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.

CONTRIBUTIONS

Many individuals volunteer their time and perform a variety of tasks to assist Babies of Homelessness in its operations. Babies of Homelessness does not record the value of volunteer hours in the form of contributed services to its financial statements due to the nature of the services provided not qualifying for recognition as contributed revenue and expense under accounting standards. During the year ended 31 December 2019, total volunteer hours were 3,904.

FEDERAL INCOME TAXES

Babies of Homelessness is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except to the extent it has unrelated business activities. As such, no provision for federal income taxes has been made in the accompanying financial statements.

INVENTORY

Inventory consists of baby supplies and are stated at the lower of cost (first-in, first-out method) or market.

FIXED ASSETS

Babies of Homelessness' fixed assets are capitalized at cost if purchased, or at estimated fair value if donated. The organization's capitalization policy is to generally capitalize purchases over \$1,000. Assets with estimated useful lives greater than one year are capitalized and depreciated. Depreciation expense is computed over the estimated useful service life of the asset using the straight-line method of depreciation.

SUBSEQUENT EVENTS

Management of Babies of Homelessness has evaluated subsequent events for disclosure through the date of the Independent Auditor's Report, the date the financial statements were available to be issued.

BABIES OF HOMELESSNESS

NOTES TO FINANCIAL STATEMENTS

NOTE 3: FAIR VALUE DISCLOSURES

	<u>Amount</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Contributed inventory	<u>\$15,776</u>	N/A	<u>\$15,776</u>	N/A

Contributed inventory was valued based on market rates for similar items.

NOTE 4: FIXED ASSETS

	<u>Balance</u>
Van	\$35,442
Accumulated depreciation	<u>(5,021)</u>
	<u>\$30,421</u>

NOTE 5: NET ASSETS WITH DONOR RESTRICTIONS

Satisfaction of purpose restrictions:

Outreach	\$14,269
Vehicle purchase	<u>\$7,500</u>
	<u>\$21,769</u>

NOTE 6: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash	<u>\$130,165</u>
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As part of Babies of Homelessness' liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The policy is that monthly revenues are to cover monthly expenses. Monthly revenues and expenditures are deposited in and deducted from Babies of Homelessness' operating accounts.