Financial Statements
June 30, 2016 and 2015

National Center on Shaken Baby Syndrome

EideBailly®

CPAs & BUSINESS ADVISORS

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 statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows 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 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 audit. We conducted our audit 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, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter
The financial statements of the Center as of and for the year ended June 30, 2015, were audited by James & Co., who joined Eide Bailly LLP on November 1, 2015, and whose report dated August 26, 2015, expressed an unmodified opinion on those statements.

Eide Bailly LLP

Ogden, Utah
November 14, 2016

	2016	2015
Assets		
Cash and cash equivalents	$ 148,810	$ 68,843
Operating investments	600,180	726,717
Accounts receivable, net	165,009	252,879
Inventories, net	103,563	82,509
Prepaid expenses	50,666	37,617
Property and equipment, net	8,952	9,672
Total assets	$ 1,077,180	$ 1,178,237
Liabilities and Net Assets		
Accounts payable	$ 152,030	$ 149,609
Accrued expenses and other liabilities	50,644	37,795
Deferred revenue	53,319	21,953
Total liabilities	255,993	209,357
Net Assets		
Unrestricted	792,120	954,880
Temporarily restricted	29,067	14,000
Total net assets	821,187	968,880
Total liabilities and net assets	$ 1,077,180	$ 1,178,237

	2016	2015
Changes in Unrestricted Net Assets		
Revenue, gains, and other support		
Sales of resource materials	$ 1,312,308	$ 1,369,415
Less cost of goods sold	(448,069)	(501,854)
Net	864,239	867,561
Conferences and services	-	150,538
Program support	68,926	192,826
In-kind contributions	12,388	15,719
Net investment return	2,302	10,571
Net assets released from restrictions	11,500	30,070
Total revenue, gains, and other support	959,355	1,267,285
Expenses		
Programs and services	900,758	998,152
Management and general	178,839	174,930
Fundraising and development	42,518	36,709
Total expenses	1,122,115	1,209,791
Change in unrestricted net assets	(162,760)	57,494
Changes in Temporarily Restricted Net Assets		
Grants, foundation and public support	26,567	21,500
Net assets released from restrictions	(11,500)	(30,070)
Change in temporarily restricted net assets	15,067	(8,570)
Change in Net Assets	(147,693)	48,924
Net Assets, Beginning of Year	968,880	919,956
Net Assets, End of Year	$ 821,187	$ 968,880

	Programs and Services	Management and General	Fundraising and Development	Total
Salaries	$ 423,761	$ 115,571	$ 11,007	$ 550,339
Program and grant expense	203,855	11,991	23,983	239,829
Payroll taxes and benefits	52,623	14,352	1,367	68,342
Marketing	2,357	-	-	2,357
Shipping and postage	45,362	478	1,910	47,750
Rent	39,705	10,829	1,031	51,565
Travel	18,539	1,647	413	20,599
Office supplies	2,705	738	70	3,513
Professional services	53,097	14,481	1,379	68,957
Depreciation	8,550	2,332	222	11,104
Telephone and internet	6,616	1,804	172	8,592
Miscellaneous	20,935	-	-	20,935
Production/translation/media	1,181	131	-	1,312
Printing	2,143	-	536	2,679
Repairs and maintenance	11,424	3,116	297	14,837
Training	2,886	-	-	2,886
Interest	1,225	334	32	1,591
Utilities	3,794	1,035	99	4,928
Total expenses by function	$ 900,758	$ 178,839	$ 42,518	$ 1,122,115

	Programs and Services	Management and General	Fundraising and Development	Total
Salaries	$ 429,547	$ 117,150	$ 11,157	$ 557,854
Direct conference costs	123,316	-	-	123,316
Program and grant expense	156,694	9,217	18,435	184,346
Payroll taxes and benefits	51,719	14,106	1,342	67,167
Marketing	14,944	-	-	14,944
Shipping and postage	48,507	511	2,042	51,060
Rent	36,858	10,052	957	47,867
Travel	38,496	3,422	855	42,773
Office supplies	9,275	2,530	241	12,046
Professional services	24,975	6,811	648	32,434
Depreciation	4,602	1,255	120	5,977
Telephone and internet	6,811	1,858	177	8,846
Miscellaneous	7,672	-	-	7,672
Production/translation/media	23,016	2,557	-	25,573
Printing	687	-	172	859
Repairs and maintenance	15,446	4,211	401	20,058
Training	576	-	-	576
Utilities	4,103	1,119	107	5,329
Mileage and car allowance	908	131	55	1,094
Total expenses by function	$ 998,152	$ 174,930	$ 36,709	$ 1,209,791

	2016	2015
Cash Flows from Operating Activities		
Change in net assets	$ (147,693)	$ 48,924
Adjustments to reconcile change in net assets to net cash used for operating activities		
Depreciation	11,104	5,977
Loss on disposal of equipment	776	-
Realized and unrealized loss on operating investments	25,989	30,585
Changes in operating assets and liabilities		
Accounts receivable	87,870	(66,420)
Inventories	(21,054)	(24,962)
Prepaid expenses	(13,049)	6,787
Accounts payable	2,421	65,942
Accrued expenses and other liabilities	12,849	(102,828)
Deferred revenue	31,366	(104,908)
Net Cash used for Operating Activities	(9,421)	(140,903)
Cash Flows from Investing Activities		
Purchases of operating investments	(130,035)	(81,170)
Proceeds from sales of operating investments	230,583	122,122
Purchases of property and equipment	(11,160)	(4,793)
Net Cash from Investing Activities	89,388	36,159
Net Change in Cash and Cash Equivalents	79,967	(104,744)
Cash and Cash Equivalents, Beginning of Year	68,843	173,587
Cash and Cash Equivalents, End of Year	$ 148,810	$ 68,843

Note 1 - Principal Activity and Significant Accounting Policies

Center

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.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in ASC 958, Not-for Profit Entities. Under ASC 958, the Center is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

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, 2016 and 2015, the allowance was $1,500.

Inventories

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, 2016 and 2015.

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 our 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 our actions. The restrictions stipulate that resources be maintained permanently but permit us 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, 2016 and 2015; 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.

Advertising

The Center uses advertising to promote its programs among the audiences it serves and to encourage contributions. The costs of advertising are expensed as incurred. Advertising costs totaled $2,357 and $14,944, respectively, for the years ended June 30, 2016 and 2015.

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, and certificates of deposit 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.

Concentrations of Credit Risk

The Center manages deposit concentration risk by placing cash, money market accounts and certificates of deposit 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.

Subsequent Events

The Center has evaluated subsequent events through November 14, 2016, the date the financial statements were available to be issued.

Note 2 - Inventories

At June 30, 2016 and 2015 inventories consist of the following:

	2016	2015
Finished Goods	$ 106,563	$ 85,509
Less reserves	(3,000)	(3,000)
	$ 103,563	$ 82,509

Note 3 - 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.

The following table presents assets measured at fair value on a recurring basis at June 30, 2016:

		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	$ 185,674	$ 185,674	$ -	$ -
Mutual funds	414,506	414,506	-	-
	$ 600,180	$ 600,180	$ -	$ -

The following table presents assets measured at fair value on a recurring basis at June 30, 2015:

		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	$ 497,864	$ 497,864	$ -	$ -
Mutual funds	228,853	228,853	-	-
	$ 726,717	$ 726,717	$ -	$ -

Note 4 - Net Investment Return

Net investment return consists of the following for the years ended June 30, 2016 and 2015:

	2016	2015
Operating investments		
Interest and dividends	$ 28,291	$ 41,156
Net realized and unrealized loss	(25,989)	(30,585)
	$ 2,302	$ 10,571

Note 5 - Property and Equipment

Property and equipment consists of the following at June 30, 2016 and 2015:

	2016	2015
Furniture and fixtures	$ 84,099	$ 85,677
Less accumulated depreciation	(75,147)	(76,005)
	$ 8,952	$ 9,672

Depreciation expense totaled $11,104 and $5,977 for the years ended June 30, 2016 and 2015, respectively.

Note 6 - Leases

The Center leases office space in Farmington, Utah under an operating lease expiring on June 30, 2017. Future minimum lease payments for 2017 is $37,128. Rent expense for the years ended June 30, 2016 and 2015 totaled $51,565 and $47,867, respectively.

Note 7 - 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, 2016 and 2015, consist of:

	Balance, June 30, 2014	Revenues	Approved Releases	Balance, June 30, 2015	Revenues	Approved Releases	Balance, June 30, 2016
Annie E. Casey Foundation	$ 10,070	$ -	$ (10,070)	$ -	$ -	$ -	$ -
Larry H. Miller Charities	10,000	-	(10,000)	-	10,000	-	10,000
Lawrence T. and Janet T. Dee Foundations	2,500	-	(2,500)	-	2,500	-	2,500
George and Delores Eccles Foundation	-	10,000	-	10,000	10,000	(10,000)	10,000
Lucy Rorke-Adams/Harry Knowles	-	10,000	(7,500)	2,500	-	-	2,500
Miscellaneous donations	-	-	-	-	67	-	67
Select Health	-	-	-	-	2,500	-	2,500
Rocky Mountain Power Foundation	-	1,500	-	1,500	1,500	(1,500)	1,500
	$ 22,570	$ 21,500	$ (30,070)	$ 14,000	$ 26,567	$ (11,500)	$ 29,067

In 2016, net assets were released from donor restrictions by collecting pledges or by incurring expenditures satisfying the restricted purposes in the amounts of $11,500. These amounts are included in net assets released from restrictions in the accompanying financial statements.

Note 8 - 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, 2016 and 2015, the Center made contributions of $9,967 and 8,951, respectively.

Note 9 - Donated Professional Services and Materials

We received donated professional services and materials as follows during the years ended June 30, 2016 and 2015:

	Program Services	Management and General	Fundraising and Development	Total
June 30, 2016				
Professional services	$ -	$ 12,388	$ -	$ 12,388
June 30, 2015				
Professional services	$ -	$ 15,719	$ -	$ 15,719