

NATIONAL ALLIANCE FOR GRIEVING CHILDREN, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

With Independent Auditor's Report Thereon

NATIONAL ALLIANCE FOR GRIEVING CHILDREN, INC.
DECEMBER 31, 2019 AND 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
National Alliance for Grieving Children, Inc.
Lubbock, Texas

We have audited the accompanying financial statements of National Alliance for Grieving Children, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, 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

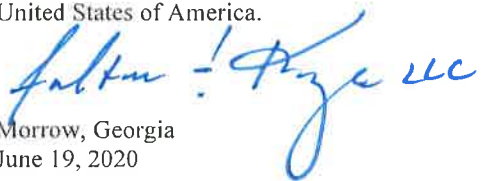
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 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 aspects, the financial position of National Alliance for Grieving Children, Inc., as of December 31, 2019 and 2018, 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.


Morrow, Georgia
June 19, 2020

NATIONAL ALLIANCE FOR GRIEVING CHILDREN, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

ASSETS

	2019	2018 <i>(As Restated)</i>
CURRENT ASSETS		
Cash and cash equivalents	\$ 350,590	\$ 241,186
Receivables	-	2,100
Pledges receivable	16,000	1,875
Grants receivable	-	235,000
Books	20,037	8,802
Prepaid expenses	<u>20,849</u>	<u>16,298</u>
TOTAL CURRENT ASSETS	407,476	505,261
FIXED ASSETS, NET	<u>1,204</u>	<u>1,922</u>
TOTAL ASSETS	<u>\$ 408,680</u>	<u>\$ 507,183</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 8,836	\$ 33,325
Payroll accruals	2,309	2,922
Deferred revenue – Symposium	25,000	12,365
Deferred revenue – membership	<u>33,357</u>	<u>29,899</u>
TOTAL CURRENT LIABILITIES	<u>69,502</u>	<u>78,511</u>
TOTAL LIABILITIES	<u>69,502</u>	<u>78,511</u>
NET ASSETS		
Without donor restrictions	326,301	184,539
With donor restrictions	<u>12,877</u>	<u>244,133</u>
TOTAL NET ASSETS	<u>339,178</u>	<u>428,672</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 408,680</u>	<u>\$ 507,183</u>

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

NATIONAL ALLIANCE FOR GRIEVING CHILDREN, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUES			
Symposium and conference revenue	\$ 176,932	\$ -	\$ 176,932
Grants and other support	70,873	12,877	83,750
Membership revenue	71,247	-	71,247
Program services	65,046	-	65,046
Contributions and donations	42,127	-	42,127
Interest	<u>13</u>	<u>-</u>	<u>13</u>
Public support and revenue	426,238	12,877	439,115
Temporarily restricted funds utilized for purposes intended	<u>244,133</u>	<u>(244,133)</u>	<u>-</u>
TOTAL PUBLIC SUPPORT AND REVENUES	<u>670,371</u>	<u>(231,256)</u>	<u>439,115</u>
EXPENSES			
Program services	469,387	-	469,387
Management and general expenses	42,003	-	42,003
Fundraising expenses	<u>17,219</u>	<u>-</u>	<u>17,219</u>
TOTAL EXPENSES	<u>528,609</u>	<u>-</u>	<u>528,609</u>
CHANGE IN NET ASSETS	141,762	(231,256)	(89,494)
NET ASSETS AT BEGINNING OF YEAR, AS RESTATED	<u>184,539</u>	<u>244,133</u>	<u>428,672</u>
NET ASSETS AT END OF YEAR	<u>\$ 326,301</u>	<u>\$ 12,877</u>	<u>\$ 339,178</u>

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

NATIONAL ALLIANCE FOR GRIEVING CHILDREN, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Without Donor <u>Restrictions</u> <i>(As Restated)</i>	With Donor <u>Restrictions</u> <i>(As Restated)</i>	<u>Total</u> <i>(As Restated)</i>
PUBLIC SUPPORT AND REVENUES			
Symposium and conference revenue	\$ 158,226	\$ -	\$ 158,226
Program services	99,717	-	99,717
Grants and other support	59,124	9,133	68,257
Membership revenue	65,871	-	65,871
Contributions and donations	30,292	-	30,292
Interest	12	-	12
Loss on disposal of assets	<u>(380)</u>	<u>-</u>	<u>(380)</u>
Public support and revenue	412,862	9,133	421,995
Temporarily restricted funds utilized for purposes intended	<u>229,268</u>	<u>(229,268)</u>	<u>-</u>
TOTAL PUBLIC SUPPORT AND REVENUES	<u>642,130</u>	<u>(220,135)</u>	<u>421,995</u>
EXPENSES			
Program services	498,793	-	498,793
Management and general expenses	79,947	-	79,947
Fundraising expenses	<u>71,999</u>	<u>-</u>	<u>71,999</u>
TOTAL EXPENSES	<u>650,739</u>	<u>-</u>	<u>650,739</u>
CHANGE IN NET ASSETS	(8,609)	(220,135)	(228,744)
NET ASSETS AT BEGINNING OF YEAR, AS RESTATED	<u>193,148</u>	<u>464,268</u>	<u>657,416</u>
NET ASSETS AT END OF YEAR, AS RESTATED	<u>\$ 184,539</u>	<u>\$ 244,133</u>	<u>\$ 428,672</u>

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

NATIONAL ALLIANCE FOR GRIEVING CHILDREN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- raising</u>	<u>Total</u>
Payroll and related costs	\$ 202,211	\$ 31,821	\$ 12,273	\$ 246,305
Venue costs	171,612	87	43	171,742
Office supplies and expenses	21,693	3,843	1,923	27,459
Travel	19,964	329	165	20,458
Professional fees	15,713	2,644	1,322	19,679
Scholarships	10,000	-	-	10,000
Advertising and marketing	7,701	1,363	584	9,648
Webinar expenses	7,633	-	-	7,633
Utilities	5,916	1,146	524	7,586
Postage and printing	2,768	241	121	3,130
Insurance	2,312	410	205	2,927
Conferences, conventions and staff training	988	18	9	1,015
Depreciation	567	101	50	718
Awards and recognition	<u>309</u>	<u>-</u>	<u>-</u>	<u>309</u>
TOTAL EXPENSES	<u>\$ 469,387</u>	<u>\$ 42,003</u>	<u>\$ 17,219</u>	<u>\$ 528,609</u>

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

NATIONAL ALLIANCE FOR GRIEVING CHILDREN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- raising</u>	<u>Total</u>
Payroll and related costs	\$ 199,255	\$ 49,346	\$ 61,560	\$ 310,161
Venue costs	196,270	26	27	196,323
Office supplies and expenses	17,825	3,679	3,541	25,045
Travel	15,372	688	876	16,936
Professional fees	5,508	19,811	1,230	26,549
Scholarships	10,000	-	-	10,000
Advertising and marketing	29,089	1,768	1,655	32,512
Webinar expenses	10,693	-	-	10,693
Utilities	2,835	1,004	531	4,370
Postage and printing	6,252	1,107	1,398	8,757
Insurance	2,319	407	518	3,244
Conferences, conventions and staff training	444	35	45	524
Depreciation	596	104	133	833
Awards and recognition	208	8	10	226
Occupancy	<u>2,127</u>	<u>1,964</u>	<u>475</u>	<u>4,566</u>
TOTAL EXPENSES	<u>\$ 498,793</u>	<u>\$ 79,947</u>	<u>\$ 71,999</u>	<u>\$ 650,739</u>

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

NATIONAL ALLIANCE FOR GRIEVING CHILDREN, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (89,494)	\$ (228,744)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	718	833
Loss on disposal of assets	-	380
(Increase) Decrease in operating assets:		
Pledges receivable	(14,125)	(1,875)
Contributions receivable	2,100	4,123
Grants receivable	235,000	4,252
Inventory	(11,235)	143
Prepaid expenses	(4,551)	6,876
Grants receivable – long-term	-	229,268
(Decrease) Increase in operating liabilities:		
Accounts payable	(24,489)	23,881
Payroll liabilities	(613)	2,922
Deferred revenue – Symposium	12,635	10,995
Deferred revenue – membership	<u>3,458</u>	<u>2,104</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	109,404	55,158
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	<u>-</u>	<u>(875)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>-</u>	<u>(875)</u>
NET CHANGE IN CASH	109,404	54,283
CASH AT BEGINNING OF YEAR	<u>241,186</u>	<u>186,903</u>
CASH AT END OF YEAR	<u>\$ 350,590</u>	<u>\$ 241,186</u>

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

NATIONAL ALLIANCE FOR GRIEVING CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

1. ORGANIZATION

National Alliance for Grieving Children, Inc. (“NAGC”) is a nonprofit organization formed to promote awareness of the needs of children and teens grieving a death and to provide education and resources for supportive individuals. It provides a network for nationwide communication between professionals and volunteers to share ideas, information, research and resources to better support grieving children and their families. NAGC’s principal activity is the hosting of an annual symposium on children’s grief for education and outreach.

NAGC offers online education, maintains a national database of children’s bereavement support programs, facilitates networking among professionals in the field and promotes national awareness to enhance public sensitivity to the issues relating to grieving children and teens.

NAGC receives support through foundation grants, contributions, memberships, and programming including the annual symposium. NAGC offers a variety of educational opportunities including an annual National Symposium on Children’s Grief, a Fall Conference and Webcast as well as monthly educational webinars. These events are supported with sponsorships and registration fees. They allow NAGC to expand its reach to 500 participants at the Symposium and 200 in-person participants plus countless web participants at the Fall Conference and Webcast, and 80-120 participants through the monthly on-line education webinars. The NAGC staff and leadership members provide training and awareness to other organizations and participate in other conferences, trainings, and webinars offered by related organizations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

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

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the organization. These net assets may be used at the discretion of NAGC’s management and the board of directors.

NATIONAL ALLIANCE FOR GRIEVING CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS - Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of accounting - continued

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors, and grantors. All donor restrictions are temporary in nature; those restrictions will be met by actions of the organization or by the passage of time.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Estimates

Management of NAGC makes estimates and assumptions related to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare the financial statements in conformity with GAAP. Actual results could differ from these estimates.

Cash and cash equivalents

NAGC considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statements of cash flows exclude permanently restricted cash and cash equivalents. For the years ended December 31, 2019 and 2018, NAGC had no cash equivalents.

Furniture, equipment and leasehold improvements

Furniture, equipment, and leasehold improvements are capitalized at cost. It is NAGC's policy to capitalize expenditures for these items in excess of \$2,500. Lesser amounts are generally expensed. Furniture and equipment are being depreciated over estimated useful lives of five to ten years using a straight-line method. Leasehold improvements are being amortized over the shorter of the lease term or useful life.

Public support and revenue

Contributions are generally available for unrestricted use in the year received unless specifically restricted by the donor. Unconditional promises to give are recorded as received. Unconditional promises to give due in the next year are reflected as current promises to give and recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. There were no donated services received during the years ended December 31, 2019 and 2018.

NATIONAL ALLIANCE FOR GRIEVING CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Income taxes

NAGC qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is only subject to federal or state income taxes on specific types of income from activities that are unrelated to its exempt purpose. NAGC had no income from unrelated activities and has no income taxes due as of December 31, 2019 and 2018.

NAGC's application of ASC 740 regarding uncertain tax positions had no effect on its financial position as management believes NAGC has no material unrecognized income tax benefits, including any potential risk of loss of its not-for-profit tax status. NAGC would account for any potential interest or penalties related to possible future liabilities for unrecognized income tax benefits as income tax expense. NAGC is no longer subject to examination by federal, state or local tax authorities for periods before 2016.

Reclassifications

Certain reclassifications have been made to the prior year's financial statements to conform them to the current year's presentation.

Functional expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of NAGC. Those expenses including salaries and wages, payroll taxes, employee benefits, office expenses, professional fees, professional development, postage, printing, insurance and depreciation, which are allocated on the basis of estimates of time and effort.

Revenue Recognition

On January 1, 2019, NAGC adopted 2014-09, *Revenue from Contracts with Customers* (Topic 606). The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. NAGC adopted the new standard effective January 1, 2019, the first day of the organization's fiscal year, using the full retrospective method.

The standard's core principle is that an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration in which the entity expects to be entitled in exchange for those goods or services.

The majority of NAGC's contracts do not contain variable consideration or warranties and contract modifications are generally minimal. Based on NAGC's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenues as a result of the adoption.

NATIONAL ALLIANCE FOR GRIEVING CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Revenue Recognition - continued

Symposium and conference revenue

Revenue from the Symposium and conferences consists primarily of participant registrations, vendor fees, and sponsorships. Performance obligations related to the Symposium and conferences is transferred to the customer at a point in time, and is recognized at the conclusion of the event. Payment is generally due in full prior to the event; therefore, contract liabilities may exist at year-end.

Memberships

Performance obligations related to membership revenue is transferred to the customer over time. The principal terms of revenue recognition is the term of the membership, which is typically one year with memberships beginning at various points during the calendar year. Payment is due in full at the beginning of the membership; therefore, contract liabilities may exist at year-end.

The contract terms are straightforward and do not involve significant judgment in the timing or amount of revenue recognized. NAGC's contracts for memberships do not contain variable consideration and contract modifications are generally minimal. There is no contingent revenue.

Disaggregation of Revenue

	<u>2019</u>	<u>2018</u>
Point in time:		
Symposium and conference revenue	\$ 176,932	\$ 158,226
Over time:		
Memberships	\$ 71,247	\$ 65,871

Contract Liabilities

Contract liabilities are shown on the statement of financial position as deferred revenue.

Subsequent events

Subsequent events have been evaluated through June 19, 2020, which is the date the financial statements were available to be issued.

NATIONAL ALLIANCE FOR GRIEVING CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

3. CHANGE IN ACCOUNTING PRINCIPLE

NAGC has determined that restatements to the January 1, 2019 and 2018 beginning net assets, and December 31, 2018 deferred revenue were required to recognize the change in accounting principle implementation of 2014-09, *Revenue from Contracts with Customers* (Topic 606), through which accounting for membership was modified. This adjustment resulted in changes to the deferred revenue and net assets as follows:

	As Previously Presented	Change In Accounting Principle	As Restated
<i>2019</i>			
Net assets – January 1	\$ <u>458,571</u>	\$ <u>(29,899)</u>	\$ <u>428,672</u>
	As Previously Presented	Change In Accounting Principle	As Restated
<i>2018</i>			
Net assets – January 1	\$ <u>685,211</u>	\$ <u>(27,795)</u>	\$ <u>657,416</u>
Deferred revenue – December 31	\$ <u>-</u>	\$ <u>29,899</u>	\$ <u>29,899</u>

4. AVAILABILITY AND LIQUIDITY

The following represents NAGC’s financial assets at December 31, 2019, reduced by amounts not available for expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	2019
Financial assets:	
Cash and cash equivalents	\$ 350,590
Pledges receivable	<u>16,000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 366,590</u>

NATIONAL ALLIANCE FOR GRIEVING CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

5. FIXED ASSETS, NET

Equipment at December 31, 2019 and 2018 are summarized as follows:

	2019	2018
Office equipment	\$ 4,042	\$ 4,042
Less accumulated depreciation	(2,838)	(2,120)
Fixed assets, net	\$ 1,204	\$ 1,922

6. INVENTORY

Inventory consists of books. The books are stated at net realizable value.

7. RESTRICTED NET ASSETS

Net assets with donor restrictions were as follows for the years ended December 31, 2019 and 2018:

	2019	2018
Subject to expenditures for specific purpose:		
Restricted for building resources	\$ 12,877	\$ -
Restricted for passage of time	-	244,133
Total net assets with donor restrictions	\$ 12,877	\$ 244,133

Net assets with donor restrictions released from restrictions were as follows for the years ended December 31, 2019 and 2018:

	2019	2018
Restricted for time	\$ 244,133	\$ 229,268
Total released from restrictions	\$ 244,133	\$ 229,268

8. SUBSEQUENT EVENTS

On May 1, 2020, the NAGC received loan proceeds in the amount of \$46,557 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1 percent, with a deferral of payments for the first six months. The NAGC intends to use the proceeds for purposes consistent with the PPP. While the NAGC currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, no assurances can be provided.

NATIONAL ALLIANCE FOR GRIEVING CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

8. SUBSEQUENT EVENTS – Continued

As of the issuance date of these financial statements, the Coronavirus pandemic was having an adverse effect on financial markets. The effects of the Coronavirus are widespread and unprecedented. The pandemic is causing a severe slowdown in economic activity. The effects of the pandemic upon NAGC are unknown at this time.

As a result of the Coronavirus pandemic, NAGC has decided to cancel the 2020 Symposium. Registrants are being contacted for refunds or applying their registration to the 2021 Symposium.

9. CONCENTRATION OF RISK

At certain times during the years, NAGC had funds in excess of federally insured deposit limits on deposit with federally insured financial institutions. However, management does not believe that this creates any undue risk for NAGC.