NATIONAL ALLIANCE FOR GRIEVING CHILDREN, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2017

With Independent Auditor's Report Thereon

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of National Alliance for Grieving Children, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, 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 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, 2017, 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.

Fulton & Kozak LLC

Morrow, Georgia
September 10, 2018

NATIONAL ALLIANCE FOR GRIEVING CHILDREN, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	$ 186,903
Receivables	6,223
Grants receivable	239,252
Books	8,945
Prepaid expenses	12,674
TOTAL CURRENT ASSETS	453,997
FIXED ASSETS	
Furniture, equipment and leasehold improvements, net of accumulated depreciation	2,260
LONG-TERM GRANTS RECEIVALBLE	229,268
LONG-TERM PREPAID EXPENSES	10,500
TOTAL ASSETS	$ 696,025

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	$ 9,444
Deferred revenue	1,370
TOTAL CURRENT LIABILITIES	10,814
TOTAL LIABILITIES	10,814
NET ASSETS	
Unrestricted	220,943
Temporarily restricted	464,268
TOTAL NET ASSETS	685,211
TOTAL LIABILITIES AND NET ASSETS	$ 696,025

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, 2017

	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUES			
Grants and other support	$ 343,428	$ 464,268	$ 807,696
Symposium and conference revenue	118,697	-	118,697
Contributions and donations	98,066	-	98,066
Program services	85,392	-	85,392
Membership revenue	50,239	-	50,239
Presentation fees and webinar revenue	19,265	-	19,265
In-kind services	7,207	-	7,207
Interest	12	-	12
Loss on disposal of assets	(257)	-	(257)
Public support and revenue	722,049	464,268	1,186,317
Temporarily restricted funds utilized for purposes intended	42,842	(42,842)	-
TOTAL PUBLIC SUPPORT AND REVENUES	764,891	421,426	1,186,317
EXPENSES			
Program services	581,259	-	581,259
Management and general expenses	49,636	-	49,636
Fundraising expenses	60,341	-	60,341
TOTAL EXPENSES	691,236	-	691,236
CHANGE IN NET ASSETS	73,655	421,426	495,081
NET ASSETS AT BEGINNING OF YEAR	147,288	42,842	190,130
NET ASSETS AT END OF YEAR	$ 220,943	$ 464,268	$ 685,211

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, 2017

	Program Services	Management and General	Fund-raising	Total
Payroll and related costs	250,064	14,906	53,223	318,193
Venue costs	148,463	-	-	148,463
Professional fees	36,335	26,567	2,556	65,458
Travel	32,164	1,503	1,899	35,566
Postage and printing	34,352	235	273	34,860
Office supplies and expenses	20,569	2,571	881	24,021
Advertising and marketing	22,286	618	402	23,306
Webinar expenses	14,624	235	274	15,133
Scholarships	10,650	-	-	10,650
Utilities	4,596	1,425	376	6,397
Occupancy	3,658	1,045	233	4,936
Insurance	2,702	339	-	3,041
Depreciation	529	156	182	867
Conferences, conventions and staff training	122	36	42	200
Awards and recognition	145	-	-	145
TOTAL EXPENSES	$ 581,259	$ 49,636	$ 60,341	$ 691,236

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

NATIONAL ALLIANCE FOR GRIEVING CHILDREN, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 495,081
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	867
Loss on disposal of assets	257
Allowance for doubtful accounts	1,000
Decrease (Increase) in operating assets:	
Pledges receivable	2,750
Contributions receivable	9,603
Grants receivable	(239,252)
Inventory	(64)
Prepaid expenses	(3,708)
Grants receivable – long-term	(229,268)
Prepaid expenses – long-term	(10,500)
(Decrease) Increase in operating liabilities:	
Accounts payable	(3,139)
Deferred revenue	(42,665)
NET CASH USED IN OPERATING ACTIVITIES	(19,038)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of fixed assets	(807)
NET CASH USED IN INVESTING ACTIVITIES	(807)
NET CHANGE IN CASH	(19,845)
CASH AT BEGINNING OF YEAR	206,748
CASH AT END OF YEAR	$ 186,903

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

NATIONAL ALLIANCE FOR GRIEVING CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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 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 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 the annual symposium. NAGC offers an annual National Symposium on Children's Grief as well as a Fall Conference and Webcast. 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. Also, NAGC minimally offers a monthly on-line education webinar with 60 – 100 participants. NAGC participates 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:

Unrestricted net assets – net assets not subject to donor imposed restrictions.

Temporarily restricted net assets – net assets subject to donor-imposed stipulations that may or will be met either by actions of NAGC and/or the passage of time.

Revenues are reported as increases in unrestricted net assets unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets are reported as reclassifications between the applicable classes of net assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are reported.

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 statement of cash flows exclude permanently restricted cash and cash equivalents. At December 31, 2017, the NAGC had no cash equivalents.

Furniture and equipment
Furniture, equipment, and leasehold improvements are capitalized at cost. It is NAGC's policy to capitalize expenditures for these items in excess of $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. A discount rate of 2.5% was used for discounting long-term promises to give balances as of December 31, 2017. The total discount at December 31, 2017 was $5,732.

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. Donated services received were $7,207 during the year ended December 31, 2017.

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, 2017.

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 2014.

Subsequent events

Subsequent events have been evaluated through September 10, 2018, which is the date the financial statements were available to be issued.

3. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2017 consisted of the following:

Office equipment	$ 4,409
Less accumulated depreciation	(2,149)
	$ 2,260

4. RESTRICTED NET ASSETS

There are donor restrictions on NAGC's net assets. As of December 31, NAGC's net assets were restricted temporarily for the following purposes:

Restricted for time	$ 464,268
Total temporarily restricted net assets	$ 464,268

5. FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management's estimations.

6. INVENTORY

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

7. ECONOMIC DEPENDENCY

NAGC received 63% of its total revenue in the year ending December 31, 2017 from a single funding source. This was due to a large, multi-year grant received in the current year. Accordingly, the operating results and ability to maintain certain program services could be impacted in the future if this revenue source is not available.

8. 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.