

FIRST CANDLE, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018



SOBEL & CO. LLC

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

FIRST CANDLE, INC.

DECEMBER 31, 2019 AND 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
First Candle, Inc.
New Canaan, CT

Report on the Financial Statements

We have audited the accompanying financial statements of First Candle, Inc. ("Organization"), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and changes in net assets, 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.

Auditors' 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 audits 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 auditors' 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 auditors consider internal control relevant to the Organization'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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the 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 First Candle, Inc., as of December 31, 2019 and 2018, and the changes in net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

On January 1, 2019, the Organization adopted Financial Accounting Standards Board, *Revenue from Contracts with Customers* and *Not-for-Profit Entities: Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, as discussed in Note 2. Our conclusion is not modified with respect to this matter.

Sobel & Co, LLC

Certified Public Accountants

Livingston, New Jersey
January 19, 2021

FIRST CANDLE, INC.
STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2019	2018
ASSETS		
CURRENT ASSETS:		
Cash	\$ 86,294	\$ 27,462
Accounts receivable	5,000	9,259
Total Current Assets	<u>91,294</u>	<u>36,721</u>
OTHER ASSETS:		
Other current assets	-	72
Security deposits	800	800
	<u>800</u>	<u>872</u>
Total Assets	<u>\$ 92,094</u>	<u>\$ 37,593</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 70,264	\$ 21,243
NET (DEFICIT) ASSETS:		
Without donor restriction	(8,170)	(23,650)
With donor restriction	30,000	40,000
Total Net Assets	<u>21,830</u>	<u>16,350</u>
Total Liabilities and Net Assets	<u>\$ 92,094</u>	<u>\$ 37,593</u>

FIRST CANDLE, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	For the Year Ended December 31, 2019			For the Year Ended December 31, 2018		
	Without donor restriction	With donor restriction	Total	Without donor restriction	With donor restriction	Total
SUPPORT AND REVENUE:						
Contributions	\$ 266,410	\$ -	\$ 266,410	\$ 289,134	\$ 40,000	\$ 329,134
Special events	172,693	-	172,693	104,344	-	104,344
Program service fees	1,206	-	1,206	20,639	-	20,639
Net assets released from restriction	10,000	(10,000)	-	17,984	(17,984)	-
Total Support and Revenue	450,309	(10,000)	440,309	432,101	22,016	454,117
EXPENSES:						
Program services	303,023	-	303,023	331,245	-	331,245
Supporting services:						
Management and general	45,477	-	45,477	66,062	-	66,062
Fundraising	86,329	-	86,329	61,987	-	61,987
Total Supporting Services	131,806	-	131,806	128,049	-	128,049
Total Expenses	434,829	-	434,829	459,294	-	459,294
CHANGES IN (DEFICIT) NET ASSETS	15,480	(10,000)	5,480	(27,193)	22,016	(5,177)
Beginning of year	(23,650)	40,000	16,350	3,543	17,984	21,527
End of year	\$ (8,170)	\$ 30,000	\$ 21,830	\$ (23,650)	\$ 40,000	\$ 16,350

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

FIRST CANDLE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	Program Services			Support Services		Total Program and Support Services
	Family Support Services	Education Awareness Services	Total Program Services	Management and General	Fundraising	
Salaries	\$ 46,101	\$ 117,025	\$ 163,126	\$ 21,277	\$ 28,370	\$ 212,773
Employee benefits	1,260	3,197	4,457	581	775	5,813
Payroll taxes and fees	6,742	17,112	23,854	3,111	4,148	31,113
	54,103	137,334	191,437	24,969	33,293	249,699
Fundraising expenses	-	-	-	-	36,233	36,233
Literature and resource materials	-	412	412	-	-	412
Grant Expense	10,300	-	10,300	-	-	10,300
Program expenses	-	14,234	14,234	-	-	14,234
Professional fees	15,838	40,205	56,043	15,937	1,120	73,100
Supplies	143	363	506	66	88	660
Telephone	736	1,869	2,605	340	453	3,398
Postage and shipping	302	768	1,070	140	186	1,396
Rent	1,788	4,539	6,327	826	1,101	8,254
Printing	462	1,175	1,637	214	285	2,136
Travel	1,090	2,769	3,859	1,175	-	5,034
Meals and entertainment	200	509	709	93	123	925
Conferences, conventions and meetings	104	264	368	92	-	460
State registration fees and taxes	-	-	-	-	8,950	8,950
Bank and credit card fees	-	-	-	-	2,331	2,331
Insurance	1,608	4,082	5,690	742	989	7,421
Professional development	-	1,057	1,057	-	-	1,057
Dues and subscriptions	137	349	486	63	85	634
Software	731	1,854	2,585	337	449	3,371
Marketing	964	2,446	3,410	445	593	4,448
Gifts	81	207	288	38	50	376
	\$ 88,587	\$ 214,436	\$ 303,023	\$ 45,477	\$ 86,329	\$ 434,829

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

FIRST CANDLE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	Program Services			Support Services		Total Program and Support Services
	Family Support Services	Education Awareness Services	Total Program Services	Management and General	Fundraising	
Salaries	\$ 50,523	\$ 123,083	\$ 173,605	\$ 26,126	\$ 27,978	\$ 227,709
Employee benefits	2,477	6,036	8,513	1,281	1,372	11,166
Payroll taxes and fees	8,460	20,610	29,070	4,375	4,685	38,130
	<u>61,460</u>	<u>149,729</u>	<u>211,188</u>	<u>31,782</u>	<u>34,035</u>	<u>277,005</u>
Fundraising expenses	-	-	-	-	18,650	18,650
Program expenses	-	8,827	8,827	-	-	8,827
Professional fees	18,718	45,600	64,318	27,370	-	91,688
Supplies	345	839	1,184	178	191	1,553
Telephone	866	2,111	2,977	448	480	3,905
Postage and shipping	231	562	793	119	128	1,040
Rent	1,625	3,960	5,585	841	900	7,326
Printing	503	1,224	1,727	260	278	2,265
Travel	2,171	6,492	8,663	1,123	-	9,787
Meals and entertainment	278	677	955	144	154	1,253
Conferences, conventions and meetings	747	2,234	2,981	386	-	3,368
State registration fees and taxes	-	-	-	-	1,765	1,765
Bank and credit card fees	-	-	-	-	1,853	1,853
Insurance	1,908	4,647	6,555	986	1,056	8,598
Miscellaneous	-	-	-	94	-	92
Dues and subscriptions	189	461	650	98	105	852
Software	2,874	7,003	9,877	1,486	1,592	12,955
Marketing	1,323	3,223	4,546	684	733	5,963
Gifts	122	297	419	63	67	549
	<u>\$ 93,360</u>	<u>\$ 237,886</u>	<u>\$ 331,245</u>	<u>\$ 66,062</u>	<u>\$ 61,987</u>	<u>\$ 459,294</u>

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

FIRST CANDLE, INC.
STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2019	2018
CASH FLOWS PROVIDED BY (USED FOR):		
<u>OPERATING ACTIVITIES:</u>		
Change in net assets	\$ 5,480	\$ (5,177)
Changes in operating assets and liabilities:		
Accounts receivable	4,259	(1,915)
Other current assets	72	(72)
Accounts payable and accrued expenses	49,021	(30,760)
Net Cash Provided by (Used For) Operating Activities	<u>58,832</u>	<u>(37,924)</u>
 NET INCREASE (DECREASE) IN CASH	 58,832	 (37,924)
 Beginning of year	 <u>27,462</u>	 <u>65,386</u>
 End of year	 <u>\$ 86,294</u>	 <u>\$ 27,462</u>

FIRST CANDLE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 1 - NATURE OF THE ORGANIZATION:

First Candle, Inc. (“Organization”) is a national nonprofit organization. First Candle is dedicated to the support of Sudden Infant Death Syndrome (“SIDS”) families and those who experience other infant death. They provide public and professional education, and strive for the elimination of SIDS through research. First Candle, Inc. funds medical research, offers emotional support nationally through over 50 local programs to families who have lost babies to SIDS and other causes, and supplies up-to-date information on SIDS to professionals and the general public, particularly new and expectant parents.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting:

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation:

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

Net Assets Without Donor Restrictions - Net assets not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. Also, other net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Cash:

Cash includes cash in bank.

FIRST CANDLE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Accounts Receivable:

Accounts receivable generally represent amounts due under terms of grants and contracts for expenditures incurred or services provided prior to year-end. Accounts and contributions receivable are recorded at net realizable value if expected to be collected within one year and at net present value if expected to be collected in future years. An allowance for uncollectible accounts is estimated based on historical collection trends, type of customer, the age of the outstanding receivables, and existing economic conditions. As of December 31, 2019 and 2018, management believes an allowance for uncollectible receivables is not deemed necessary.

Revenue Recognition:

On January 1, 2019, the Organization adopted the Financial Accounting Standards Board (“FASB”) Accounting Standards Update, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This guidance is intended to clarify and improve the scope of accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improving guidance to better distinguish between conditional and unconditional contributions.

Contributions are recognized as revenue when they are received or unconditionally pledged. Conditional contributions are not recognized until the conditions are substantially met or explicitly waived.

Contributions are recorded as revenue as either with or without donor restrictions according to donor stipulations that limit the use of these assets due to time or purpose restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

The Organization also adopted the FASB accounting pronouncement, *Revenue from Contracts with Customers*, which is a comprehensive new revenue recognition standard that supersedes existing revenue recognition guidance. The Organization adopted the new standard effective January 1, 2019, the first day of the Organization’s fiscal year, using the modified retrospective approach. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

FIRST CANDLE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Donated Services and Materials:

Contributed noncash assets are reflected as contributions at their estimated fair values upon the date of receipt and are recorded as revenue and related expenses and were recorded at their estimated fair value. The Organization pays for most of the services that require specific expertise and no amounts have been reflected in the financial statements for contributed services for the years ending December 31, 2019 and 2018.

The Organization regularly receives services from volunteers who are not acting in a professional capacity. These services do not meet the criteria for financial statement recognition and are not included in the financial statements.

Income Taxes:

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not liable for federal and state income taxes.

The Organization follows standards that provide clarification on accounting for uncertainty in income taxes recognized in the Organization's financial statements. The guidance prescribes a recognition threshold and measurement attribute for the recognition and measurement of a tax position taken, or expected to be taken, in a tax return, and also provides guidance on derecognition, classification, interest and penalties, disclosure and transition. The Organization's policy is to recognize interest and penalties on unrecognized tax benefits in income tax expense. No interest and penalties were recorded during 2019 and 2018. At December 31, 2019 and 2018, there were no significant income tax uncertainties.

Use of 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 and 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.

Recent Accounting Pronouncements:

The FASB issued an accounting pronouncement, *Leases*, which requires lessees to recognize a right-of-use asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Under this new pronouncement, a modified retrospective transition approach is required, and the new standard is applied to all leases existing at the date of initial application. It will be effective for the Organization for the year ended December 31, 2021. The Organization is currently evaluating the effect the new standard will have on the financial statements.

FIRST CANDLE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 3 - FUNCTIONAL EXPENSES:

The costs of providing the various programs and other activities have been summarized on a functional basis on the statements of functional expenses. Accordingly, certain costs have been allocated among the program service and community activities. Management and general expenses are those not directly identifiable with any specific function, but which provide for the overall support and direction of the Organization.

The financial statements contain certain categories of expense that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Salaries, employee benefits and payroll taxes and fees are based on a time and use study. All other expenses are recorded as either a direct cost or on the time and use study allocation.

NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are available for the following purposes:

	December 31,	
	2019	2018
Robert's Program Research	\$ 30,000	\$ 40,000

NOTE 5 - CONCENTRATIONS OF RISK:

The Organization maintains cash balances at financial institutions. At times, cumulative balances may exceed the insured limit.

NOTE 6 - SIGNIFICANT RISK AND UNCERTAINTIES:

The Organization is actively monitoring the recent COVID-19 outbreak and its potential impact on the employees, volunteers, donors, and operations. It is not known at this time how much effect the virus will have on operations and/or financial results. The potential impact of COVID-19 is not foreseeable due to various uncertainties, including the severity of the disease, the duration of the outbreak, and actions that may be taken by governmental authorities.

FIRST CANDLE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 7 - LIQUIDITY AND AVAILABILITY:

The following represents the Organization's financial assets, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations.

	December 31,	
	2019	2018
Cash	\$ 86,294	\$ 27,462
Accounts receivable	5,000	9,259
	<hr/> 91,294	<hr/> 36,721
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(30,000)	(40,000)
Estimated releases	10,000	10,000
	<hr/> (20,000)	<hr/> (30,000)
Financial assets available to meet general expenditures over the next 12 months	<hr/> \$ 71,294	<hr/> \$ 6,721

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization is currently applying to various foundations and corporations for funding and is planning a year-end appeal. The Organization is continuing to build and maintain relationships with state agencies, corporations and foundations.

NOTE 8 - SUBSEQUENT EVENTS:

The Organization has evaluated its subsequent events and transactions occurring after December 31, 2019, and through January 19, 2021, the date the financial statements were available to be issued.

The Organization obtained a Paycheck Protection Program loan under the CARES Act in April, 2020 for approximately \$44,000. This loan is to provide the Organization with working capital for the purpose of maintaining employment levels and paying occupancy costs during a stay-at-home period ordered by the governor of New Jersey. The Organization may receive partial or full forgiveness of the debt if it maintains its employee count as well as salary levels during such specified period. Any portion of the loan that is not forgiven must be repaid. Loan payments, if any, are deferred during the covered period and are payable with interest at 1%, through 2022. The loan is uncollateralized and guaranteed by the SBA.