

FIRST CANDLE, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019



SOBEL & CO. LLC

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

FIRST CANDLE, INC.

DECEMBER 31, 2020 AND 2019

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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, 2020 and 2019, 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, 2020 and 2019, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Bridget Hartnett

Certified Public Accountants

Livingston, New Jersey
August 31, 2021

FIRST CANDLE, INC.
STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2020	2019
ASSETS		
CURRENT ASSETS:		
Cash	\$ 129,537	\$ 86,294
Accounts receivable	15,347	5,000
Prepaid expenses	9,650	-
Total Current Assets	<u>154,534</u>	<u>91,294</u>
OTHER ASSETS:		
Security deposits	<u>800</u>	<u>800</u>
Total Assets	<u><u>\$ 155,334</u></u>	<u><u>\$ 92,094</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	<u>\$ 141,161</u>	<u>\$ 70,264</u>
NET ASSETS (DEFICIT):		
Without donor restriction	(36,752)	(8,170)
With donor restriction	<u>50,925</u>	<u>30,000</u>
Total Net Assets	<u>14,173</u>	<u>21,830</u>
Total Liabilities and Net Assets	<u><u>\$ 155,334</u></u>	<u><u>\$ 92,094</u></u>

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

	Year Ended December 31, 2020			Year Ended December 31, 2019		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
SUPPORT AND REVENUE:						
Contributions	\$ 293,214	\$ 64,025	\$ 357,239	\$ 266,410	\$ -	\$ 266,410
Government grants	43,725	-	43,725	-	-	-
Special events	3,571	-	3,571	172,693	-	172,693
Program service fees	16,985	-	16,985	1,206	-	1,206
Net assets released from restriction	43,100	(43,100)	-	10,000	(10,000)	-
Total Support and Revenue	400,595	20,925	421,520	450,309	(10,000)	440,309
EXPENSES:						
Program services	329,604	-	329,604	303,023	-	303,023
Supporting services:						
Management and general	43,540	-	43,540	45,477	-	45,477
Fundraising	56,033	-	56,033	86,329	-	86,329
Total Supporting Services	99,573	-	99,573	131,806	-	131,806
Total Expenses	429,177	-	429,177	434,829	-	434,829
CHANGE IN NET ASSETS (DEFICIT)	(28,582)	20,925	(7,657)	15,480	(10,000)	5,480
Beginning of year	(8,170)	30,000	21,830	(23,650)	40,000	16,350
End of year	\$ (36,752)	\$ 50,925	\$ 14,173	\$ (8,170)	\$ 30,000	\$ 21,830

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

FIRST CANDLE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	Program Services			Support Services		Total Program and Support Services
	Family Support Services	Education Awareness Services	Total Program Services	Management and General	Fundraising	
Salaries	\$ 46,108	\$ 117,025	\$ 163,133	\$ 21,277	\$ 28,363	\$ 212,773
Employee benefits	964	2,447	3,411	445	593	4,449
Payroll taxes and fees	5,928	15,046	20,974	2,736	3,647	27,357
	<u>53,000</u>	<u>134,518</u>	<u>187,518</u>	<u>24,458</u>	<u>32,603</u>	<u>244,579</u>
Fundraising expenses	-	-	-	-	4,223	4,223
Grant expense	-	-	-	-	1,109	1,109
Program expenses	-	63,961	63,961	-	-	63,961
Professional fees	13,468	34,183	47,651	14,500	-	62,151
Supplies	522	1,326	1,848	241	319	2,408
Telephone	597	1,516	2,113	276	368	2,757
Postage and shipping	24	62	86	11	15	112
Rent	1,317	3,342	4,659	608	810	6,077
Travel	992	2,518	3,510	1,068	-	4,578
Meals and entertainment	154	391	545	71	95	711
State registration fees and taxes	-	-	-	-	11,104	11,104
Bank and credit card fees	-	-	-	-	2,313	2,313
Insurance	1,324	3,362	4,686	611	815	6,112
Professional development	-	29	29	-	-	29
Utilities	345	877	1,222	159	212	1,593
Dues and subscriptions	166	420	586	76	102	764
Computer support and software	1,756	4,458	6,214	811	1,080	8,105
Marketing	1,337	3,392	4,729	617	822	6,168
Gifts	70	177	247	33	43	323
	<u>\$ 75,072</u>	<u>\$ 254,532</u>	<u>\$ 329,604</u>	<u>\$ 43,540</u>	<u>\$ 56,033</u>	<u>\$ 429,177</u>

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	-	14,434	14,434	-	-	14,434
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	-	857	857	-	-	857
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.
STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2020	2019
CASH FLOWS PROVIDED BY:		
<u>OPERATING ACTIVITIES:</u>		
Change in net assets	\$ (7,657)	\$ 5,480
Changes in operating assets and liabilities:		
Accounts receivable	(10,347)	4,259
Prepaid expenses	(9,650)	-
Other current assets	-	72
Accounts payable and accrued expenses	70,897	49,021
Net Cash Provided by Operating Activities	<u>43,243</u>	<u>58,832</u>
 NET INCREASE IN CASH	 43,243	 58,832
 Beginning of year	 <u>86,294</u>	 <u>27,462</u>
 End of year	 <u>\$ 129,537</u>	 <u>\$ 86,294</u>

FIRST CANDLE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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, 2020 AND 2019

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

Accounts Receivable:

Accounts receivable generally represent amounts due under terms of grants, contributions and contracts for expenditures incurred or services provided prior to year-end. Accounts 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, 2020 and 2019, management believes an allowance for uncollectible receivables is not deemed necessary.

Revenue Recognition:

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. 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. Conditional contributions are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

Revenue from government grants is considered a conditional contribution and is not recognized until the conditions related to this revenue are substantially met or explicitly waived.

Donated Services and Materials:

The Organization may receive donated goods and services that create or enhance nonfinancial assets and allow the Organization to fulfill its mission. Donations of tangible assets are recognized at fair market value when received. Donated services are recognized if the services received either create or enhance long-lived assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. There were no donations of goods or services at December 31, 2020 and 2019.

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

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.

FIRST CANDLE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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

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 2020 and 2019. At December 31, 2020 and 2019, there were no significant income tax uncertainties.

Recent Accounting Pronouncements:

The Financial Accounting Standards Board issued an accounting pronouncement, *Leases*, which requires lessees to recognize a right-of-use asset and lease liability on the statement of financial position 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. An entity may choose to use either (1) its effective date, or (2) the beginning of the earliest comparative period presented in the financial statements as its date of initial application. The standard is effective for annual reporting periods beginning after December 15, 2021. It will be effective for the Organization for the year ended December 31, 2022. The Organization is currently evaluating the effect the new standard will have on the financial statements.

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 based on the time and use study.

FIRST CANDLE, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS:

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

	December 31,	
	2020	2019
Robert's research program	\$ 30,000	\$ 30,000
Connecticut research program	11,525	-
Michigan research program	9,400	-
	<u>\$ 50,925</u>	<u>\$ 30,000</u>

NOTE 5 - RISK AND UNCERTAINTIES:

The Organization maintains cash balances at financial institutions with federally insured institutions. At times, the balances in these accounts may exceed federally insured limits.

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.

NOTE 6 - PAYCHECK PROTECTION PROGRAM LOAN:

The Organization obtained a Paycheck Protection Program loan ("PPP") under the CARES Act in April 2020. 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 Connecticut. Paycheck Protection Program loans may be forgiven in part or in whole if the borrower maintains its employee count, as well as salary levels, during a specified period.

The Organization recorded the PPP funds received as a conditional government grant and recognized revenue as expenses were incurred that satisfied the conditions set forth by the U.S. Small Business Administration ("SBA"). As of December 31, 2020, all amounts received under the PPP were expended and recognized as revenue from government grants on the statements of activities and changes in net assets. The Organization received forgiveness of the first PPP loan for its full amount from the SBA in March 2021.

FIRST CANDLE, INC.
NOTES TO FINANCIAL STATEMENTS
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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,	
	2020	2019
Cash	\$ 129,537	\$ 86,294
Accounts receivable	15,347	5,000
	<u>144,884</u>	<u>91,294</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(50,925)	(30,000)
Estimated releases	43,100	10,000
	<u>(7,825)</u>	<u>(20,000)</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 137,059</u>	<u>\$ 71,294</u>

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, 2020, and through August 31, 2021, the date the financial statements were available to be issued.

In February 2021, the Organization applied for, and received, a second PPP loan for \$43,727. The Organization may receive partial or full forgiveness of the debt if they maintain employee count, as well as salary levels, during such specified period. Any portion of the loan that is not forgiven must be repaid. The loan is uncollateralized and guaranteed by the SBA.