

SUDDEN INFANT DEATH SYNDROME ALLIANCE, INC.

**Financial Statements Together with
Report of Independent Public Accountants**

As of June 30, 2008 and 2007



SB & COMPANY, LLC
EXPERIENCE • QUALITY • CLIENT SERVICE

June 30, 2008 and 2007

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors
Sudden Infant Death Syndrome Alliance, Inc.

We have audited the accompanying statements of financial position of Sudden Infant Death Syndrome Alliance, Inc. (the Alliance) as of June 30, 2008 and 2007, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of the management of the Alliance. 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sudden Infant Death Syndrome Alliance, Inc. as of June 30, 2008 and 2007, and its changes in net assets, cash flows and functional expenses for the years then ended in conformity with accounting principles generally accepted in the United States of America.

SB & Company, LLC

Hunt Valley, Maryland
September 5, 2008

SUDDEN INFANT DEATH SYNDROME ALLIANCE, INC.

**Statements of Financial Position
As of June 30, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and cash equivalents	\$ 1,883,850	\$ 835,313
Contributions receivable, net	9,024,521	131,793
Due from combined Federated campaign	117,340	117,340
Property and equipment, net	41,099	43,109
Prepaid expenses and other assets	38,157	26,196
Total Assets	<u>\$ 11,104,967</u>	<u>\$ 1,153,751</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 60,815	\$ 30,308
Accrued expenses	88,886	92,380
Deferred revenue	19,082	28,050
Due to member organizations	17,248	23,418
Obligations under capital leases	10,357	20,714
Total Liabilities	<u>196,388</u>	<u>194,870</u>
Net Assets		
Unrestricted	705,403	634,264
Temporarily restricted	10,203,176	324,617
Total Net Assets	<u>10,908,579</u>	<u>958,881</u>
Total Liabilities and Net Assets	<u>\$ 11,104,967</u>	<u>\$ 1,153,751</u>

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

SUDDEN INFANT DEATH SYNDROME ALLIANCE, INC.

**Statements of Activities and Changes in Net Assets
For the Year Ended June 30, 2008 with Comparative Total for 2007**

	2008			2007
	Unrestricted	Temporarily Restricted	Total	Total
Revenue and Other Support				
Federated campaigns	\$ 121,399	\$ -	\$ 121,399	\$ 102,010
OID center grant	255,011	-	255,011	254,814
State and local grants	149,000	-	149,000	151,740
Other contributions	470,627	-	470,627	363,397
Special events	282,433	-	282,433	343,989
Corporate and foundations	647,000	10,126,806	10,773,806	495,927
Interest income	51,832	-	51,832	40,199
Miscellaneous income	14,601	-	14,601	16,956
Total Revenue and Other Support	1,991,903	10,126,806	12,118,709	1,769,032
Net assets released from restriction	248,247	(248,247)	-	-
	2,240,150	9,878,559	12,118,709	1,769,032
Expenses				
Program services	1,653,583	-	1,653,583	1,206,297
Support services:				
Management and general	191,640	-	191,640	112,404
Fundraising	323,788	-	323,788	431,802
Total support services	515,428	-	515,428	544,206
Total Expenses	2,169,011	-	2,169,011	1,750,503
Changes in net assets	71,139	9,878,559	9,949,698	18,529
Net assets, beginning of year	634,264	324,617	958,881	940,352
Net Assets, End of Year	\$ 705,403	\$ 10,203,176	\$ 10,908,579	\$ 958,881

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

SUDDEN INFANT DEATH SYNDROME ALLIANCE, INC.

**Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2007**

	2007		
	Unrestricted	Temporarily Restricted	Total
Revenue and Other Support			
Federated campaigns	\$ 102,010	\$ -	\$ 102,010
OID Center grant	254,814	-	254,814
State grant	151,740	-	151,740
Other contributions	363,397	-	363,397
Special events	343,989	-	343,989
Grants, corporate, foundations, and affiliates	495,927	-	495,927
Interest income	40,199	-	40,199
Miscellaneous income	16,956	-	16,956
Total Revenue and Other Support	<u>1,769,032</u>	<u>-</u>	<u>1,769,032</u>
Net assets released from restriction	123,032	(123,032)	-
	<u>1,892,064</u>	<u>(123,032)</u>	<u>1,769,032</u>
Expenses			
Program services	1,206,297	-	1,206,297
Support services			
Management and general	112,404	-	112,404
Fundraising	431,802	-	431,802
Total support services	544,206	-	544,206
Total Expenses	<u>1,750,503</u>	<u>-</u>	<u>1,750,503</u>
Changes in net assets	141,561	(123,032)	18,529
Net assets, beginning of year	492,703	447,649	940,352
Net Assets, End of Year	<u>\$ 634,264</u>	<u>\$ 324,617</u>	<u>\$ 958,881</u>

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

SUDDEN INFANT DEATH SYNDROME ALLIANCE, INC.**Statements of Cash Flows****For the Years Ended June 30, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ 9,949,698	\$ 18,529
Adjustment to reconcile changes in net assets to net cash from operating activities		
Depreciation	34,292	25,754
Loss on disposal of assets	-	1,369
Effect of changes in non-cash operating activities:		
Contributions receivable	(8,892,728)	9,421
Due from combined Federal campaign	-	2,596
Prepaid expenses and other assets	(11,961)	(3,056)
Accounts payable	30,507	(49,090)
Accrued expenses	(3,494)	61,263
Deferred revenue	(8,968)	28,050
Due to member organizations	(6,170)	(14,305)
Net Cash from Operating Activities	<u>1,091,176</u>	<u>80,531</u>
Cash Flows from Investing Activities		
Purchase of furniture and equipment	(32,281)	(16,824)
Cash Flows from Financing Activities		
Principal payments on capital lease obligations	(10,358)	(10,358)
Net increase in cash	1,048,537	53,349
Cash and cash equivalents, beginning of year	835,313	781,964
Cash and Cash Equivalents, End of Year	<u>\$ 1,883,850</u>	<u>\$ 835,313</u>

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

SUDDEN INFANT DEATH SYNDROME ALLIANCE, INC.

Statements of Functional Expenses For the Year Ended June 30, 2008 with Comparative Total for 2007

	Program Services		Supporting Services		Total	2007 Total
	Direct	Management and General	Fundraising			
Staff Costs	\$ 791,253	\$ 99,985	\$ 100,124	\$ 991,362	\$ 785,825	
Research/Grant Expenses	142,214	-	-	142,214	184,721	
Travel	104,010	13,485	23,093	140,588	67,570	
Printing	108,340	4,743	20,227	133,310	169,031	
Other Professional Fees	53,543	4,654	11,032	69,229	39,528	
In-Kind Expenses	92,623	-	-	92,623	15,706	
Distribution Costs	90,357	-	-	90,357	-	
Occupancy	43,112	8,742	8,742	60,596	59,275	
Consulting, Public Policy	38,592	-	-	38,592	38,565	
Special Event Expenses	6,043	-	30,233	36,276	4,655	
Postage	20,820	5,440	9,071	35,331	15,466	
Depreciation	22,150	6,071	6,071	34,292	25,754	
Supplies	24,376	5,035	1,631	31,042	12,528	
Project Expenses	23,448	-	3,415	26,863	13,859	
Training Expenses	23,468	-	-	23,468	3,146	
Telephone Expenses	16,220	3,347	3,347	22,914	20,990	
Charitable Registrations	-	-	19,208	19,208	16,364	
Insurance & Taxes	14,480	1,880	1,880	18,240	19,041	
Temporary Help	-	15,508	-	15,508	312	
Equipment	4,683	6,783	2,172	13,638	10,600	
Bookkeeping	6,864	2,288	2,288	11,440	8,440	
Conferences & Meetings	10,240	500	-	10,740	-	
Miscellaneous	4,853	1,585	3,547	9,985	4,302	
Legal/Accounting Fee	-	9,000	-	9,000	8,528	
Interest, Dues and Memberships	2,491	2,594	830	5,915	4,430	
Website Expenses	3,281	-	-	3,281	1,000	
Manual Expenses	3,017	-	-	3,017	17,009	
Staff Development	3,000	-	-	3,000	761	
Media PSA	105	-	-	105	-	
Media Symposium	-	-	-	-	15,199	
Motorcycle Event Expenses	-	-	-	-	54,940	
Stroll-a-thon Expenses	-	-	-	-	60,449	
Windflower Ball Expenses	-	-	76,877	76,877	72,509	
Total Functional Expenses	\$ 1,653,583	\$ 191,640	\$ 323,788	\$ 2,169,011	\$ 1,750,503	

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

SUDDEN INFANT DEATH SYNDROME ALLIANCE, INC.

Statement of Functional Expenses For the Year Ended June 30, 2007

	Program Services		Supporting Services		
	Direct	Management and General	Fundraising	Total	
Staff Costs	\$ 554,240	\$ 60,292	\$ 171,293	\$ 785,825	
Research/Grant Expenses	184,721	-	-	\$184,721	
Travel	42,198	12,686	12,686	\$67,570	
Printing	166,141	544	2,346	\$169,031	
Other Professional Fees	32,946	2,590	3,992	\$39,528	
In-Kind Expenses	15,706	-	-	\$15,706	
Occupancy	42,191	8,542	8,542	\$59,275	
Consulting, Public Policy	38,565	-	-	\$38,565	
Special Event Expenses	-	-	4,655	\$4,655	
Postage	11,428	1,010	3,028	\$15,466	
Depreciation	17,028	4,363	4,363	\$25,754	
Supplies	8,438	2,045	2,045	\$12,528	
Project Expenses	10,000	-	3,859	\$13,859	
Training Expenses	3,146	-	-	\$3,146	
Telephone	13,560	3,715	3,715	\$20,990	
Charitable Registrations	-	-	16,364	\$16,364	
Insurance & Taxes	15,233	1,904	1,904	\$19,041	
Temporary Help	-	312	-	\$312	
Equipment	7,246	1,677	1,677	\$10,600	
Bookkeeping	5,064	1,688	1,688	\$8,440	
Miscellaneous	2,580	861	861	\$4,302	
Legal/Accounting Fees	-	8,528	-	\$8,528	
Interest, Dues and Memberships	2,658	886	886	\$4,430	
Website Expenses	1,000	-	-	1,000	
Manual Expenses	17,009	-	-	\$17,009	
Staff Development	-	761	-	\$761	
Media Symposium Expenses	15,199	-	-	\$15,199	
Motorcycle Event Expenses	-	-	54,940	54,940	
Stroll-a-thon Expenses	-	-	60,449	60,449	
Windflower Ball expenses	-	-	72,509	72,509	
Total Functional Expenses	\$ 1,206,297	\$ 112,404	\$ 431,802	\$ 1,750,503	

The accompanying notes are an integral part of this financial statement.

SUDDEN INFANT DEATH SYNDROME ALLIANCE, INC.

Notes to the Financial Statements June 30, 2008 and 2007

1. BACKGROUND OF THE ORGANIZATION

Sudden Infant Death Syndrome Alliance, Inc. (the Alliance) is a national, not-for-profit organization. The Alliance is dedicated to the support of Sudden Infant Death Syndrome (SIDS) families and those who experience other infant death, public and professional education, and the elimination of SIDS through research. The Alliance 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements of the Alliance have been prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the Alliance's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of support and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include amounts invested in short-term investments with original maturities of 90 days or less. Cash equivalents as of June 30, 2008 and 2007 consisted of money market investment accounts, certificates of deposit and mutual funds.

Contributions Receivable

Receivables are valued at management's estimate of the amount that will ultimately be collected. The allowance for doubtful accounts is based on specific identification of uncollectible accounts and the Alliance's historical collection experience. Management believes all receivables are fully collectible and thus no allowance for doubtful accounts has been provided for in the accompanying statement of financial position.

Contributions receivable in excess of one year have been discounted and all contributions receivable are recorded at fair value.

SUDDEN INFANT DEATH SYNDROME ALLIANCE, INC.

**Notes to the Financial Statements
June 30, 2008 and 2007**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property and Equipment

Property and equipment purchased for greater than \$500 are recorded at cost. Donated property and equipment are capitalized at the estimated fair market value on the date received. Depreciation of property and equipment is recognized using the straight-line method over the estimated useful life of the assets.

Restricted and Unrestricted Support and Revenue

Contributions received are recorded as unrestricted or temporarily restricted support, depending on the existence and/or nature of any donor-imposed restrictions. Donor-restricted support is reported as an increase in temporarily restricted net assets, depending on the nature of the restriction.

Gifts of cash and other assets are reported as 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 some stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompany statement of activities and changes in net assets as net assets released from restrictions.

As of June 30, 2008 and 2007, temporarily restricted net assets were comprised of:

	<u>2008</u>	<u>2007</u>
Professional and public education	\$ 288,471	\$ 324,617
Bedtime Basics Program (Gates Foundation)	9,914,705	-
Total	<u>\$10,203,176</u>	<u>\$ 324,617</u>

From time to time, various individuals and organizations host events for the benefit of the Alliance. These events are neither organized nor sponsored by the Alliance, and, accordingly, the amount of revenue varies with the activity of these outside parties.

SUDDEN INFANT DEATH SYNDROME ALLIANCE, INC.

Notes to the Financial Statements June 30, 2008 and 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Goods and Services

Donated items include printing of labels and brochures, and airfare vouchers. These items are included in other contributions on the accompanying statements of activities and changes in net assets. The amount recorded for donated goods and services was \$92,623 and \$15,706 for the years ended June 30, 2008 and 2007, respectively. The Alliance only records value for donated services it receives which it otherwise would have purchased, and for which the value of the services can be estimated. Certain volunteer services such as fundraising, public education, and general administration are not recorded in the accompanying financial statements.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities and changes in net assets and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services which benefited from those costs. Management and general expenses include those expenses that are not directly identified with any other specific function but provide for the overall support and direction of the Alliance.

Income Taxes

The Alliance is a not-for-profit voluntary health and welfare organization exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and is recognized as such by the Internal Revenue Service.

Reclassifications

Certain reclassifications have been made to the 2007 balances to conform to the 2008 presentation.

SUDDEN INFANT DEATH SYNDROME ALLIANCE, INC.

Notes to the Financial Statements June 30, 2008 and 2007

3. MEMBER ORGANIZATIONS

The Alliance has approximately 50 member organizations nationwide, which have filed a membership application with the national office.

The Alliance does not have operating control over or an economic interest in the affiliates. Accordingly, the results of the affiliates' operations are not included in the accompanying financial statements for the years ended June 30, 2008 and 2007.

The Alliance has amounts due to affiliates of \$17,248 and \$23,418 as of June 30, 2008 and 2007, respectively. The amounts due to affiliates related primarily to funds held on behalf of the members for payment of member related expenses by the Alliance.

4. CONTRIBUTIONS RECEIVABLE

Contributions receivable as of June 30, 2008 and 2007 include the following unconditional promises to give:

	<u>2008</u>	<u>2007</u>
Amounts due in:		
Less than one year	\$ 1,674,226	\$ 131,793
One to five years	8,091,614	-
	<u>9,765,840</u>	<u>131,793</u>
Less: discount	741,319	-
	<u>9,024,521</u>	<u>131,793</u>
Total	\$ 9,024,521	\$ 131,793

5. PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following as of June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>	<u>Useful Life</u>
Auto	\$ 11,435	\$ 11,435	4 years
Capital leased equipment	41,360	41,360	5 years
Furniture and equipment	63,544	85,056	5 years
Leasehold improvements	42,889	32,117	Life of lease
	<u>159,228</u>	<u>169,968</u>	
Less: accumulated depreciation	118,129	126,859	
Furniture and equipment, net	<u>\$ 41,099</u>	<u>\$ 43,109</u>	

SUDDEN INFANT DEATH SYNDROME ALLIANCE, INC.

Notes to the Financial Statements June 30, 2008 and 2007

6. COMMITMENTS AND CONTINGENCIES

Capital Leases

The Alliance leases certain office equipment and an automobile under capital leases expiring in June 2009. Future minimum lease payments under these capital leases as of June 30, 2008 are \$10,357.

Operating Lease

The Alliance leases office space under an operating lease, which expires March 2010. Rent expense for the years ended June 30, 2008 and 2007, was \$60,596 and \$59,275, respectively

Future minimum lease payments for the year ended June 30, 2009, and thereafter are as follows:

Year Ending June 30, 2009	\$ 50,605
2010	38,801
	<u>\$ 89,406</u>

Contingencies

Reimbursed costs under the Alliance's government awards are subject to final determination by the government agency. Until such audits have been completed and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

7. RESEARCH GRANT COMMITMENTS

Consistent with its mission, the Alliance awards research grants to investigators at various hospitals and universities. All awarded grants are conditional as they are subject to the availability of funds and satisfactory progress. Accordingly, grant expense is recognized as the conditions are met. During the years ended June 30, 2008 and 2007, the Alliance expensed \$142,214 and \$184,721, respectively, against existing research grant awards.

8. PROGRAM GRANT - GATES

During the year ended June 30, 2008, the Alliance received an \$11 million grant from the Bill and Melinda Gates Foundation. The purpose of this grant is to support *Bedtime Basics for Babies*, a project aimed at reducing SIDS and sleep-related infant deaths. Funds will be provided to the Alliance annually for the grant period from October 15, 2007 to October 14, 2014, and interest received on the invested grant money is required to be expended on the *Bedtime Basics for Babies* project.

SUDDEN INFANT DEATH SYNDROME ALLIANCE, INC.

**Notes to the Financial Statements
June 30, 2008 and 2007**

8. PROGRAM GRANT – GATES (continued)

The first installment of the grant, which is deemed a contribution, was received during the year ended June 30, 2008 in the amount of \$1,450,587. The following represents the cash payment stream that the Alliance expects to receive as the future funds from this grant:

August 2008	1,457,799
August 2009	1,498,198
August 2010	1,530,815
August 2011	1,584,181
August 2012	1,738,454
August 2013	1,739,966
	<u>\$ 9,549,413</u>

9. PROFIT SHARING PLAN

The Alliance has a qualified profit sharing plan covering all eligible employees who are at least 21 years of age with one year of service. Contributions to the plan are made based on a percentage of employee base compensation. The amount of the contribution to the plan for the years ended June 30, 2008 and 2007, was \$34,947 and \$31,621, respectively.