SANDY HOOK PROMISE ACTION FUND, INC.

FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017
SANDY HOOK PROMISE ACTION FUND, INC.

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Independent Auditors’ Report

To the Board of Directors
Sandy Hook Promise Action Fund, Inc.
Newtown, Connecticut

We have audited the accompanying financial statements of Sandy Hook Promise Action Fund, Inc., which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, cash flows and functional expenses 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 audit 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 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 respects, the financial position of Sandy Hook Promise Action Fund, Inc., as of June 30, 2018 and 2017, 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.

Shelton, Connecticut
November 2, 2018
## SANDY HOOK PROMISE ACTION FUND, INC.

STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2018 AND 2017

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$ 1,433,470</td>
<td>$ 213,120</td>
</tr>
<tr>
<td>Contributions receivables</td>
<td></td>
<td>739</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$ 1,433,470</td>
<td>$ 213,859</td>
</tr>
<tr>
<td><strong>LIABILITIES AND NET ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$ 13,442</td>
<td>$ 19,500</td>
</tr>
<tr>
<td>Due to related party</td>
<td>20,121</td>
<td>12,791</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>3,344</td>
<td></td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>36,907</td>
<td>32,291</td>
</tr>
<tr>
<td>Net Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted net assets</td>
<td>1,396,563</td>
<td>181,568</td>
</tr>
<tr>
<td><strong>Total Liabilities and Net Assets</strong></td>
<td>$ 1,433,470</td>
<td>$ 213,859</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of the financial statements
<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Changes in Unrestricted Net Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue, support and other changes:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$ 2,121,532</td>
<td>$ 274,976</td>
</tr>
<tr>
<td>Total revenues, support and other changes</td>
<td>$ 2,121,532</td>
<td>$ 274,976</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services</td>
<td>626,996</td>
<td>328,522</td>
</tr>
<tr>
<td>Management and general</td>
<td>16,902</td>
<td>20,675</td>
</tr>
<tr>
<td>Fundraising</td>
<td>262,639</td>
<td>27,671</td>
</tr>
<tr>
<td>Total expenses</td>
<td>906,537</td>
<td>376,868</td>
</tr>
<tr>
<td><strong>Increase (Decrease) in Net Assets</strong></td>
<td>1,214,995</td>
<td>(101,892)</td>
</tr>
<tr>
<td><strong>Net Assets - Beginning of Year</strong></td>
<td>181,568</td>
<td>283,460</td>
</tr>
<tr>
<td><strong>Net Assets - End of Year</strong></td>
<td>$ 1,396,563</td>
<td>$ 181,568</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of the financial statements
## Cash Flows from Operating Activities

Increase (decrease) in net assets  
$1,214,995  
$ (101,892)

### Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:

**(Increase) decrease in operating assets:**
- Contributions receivables: 739  
- Prepaid expenses: -  
- Total: $739

**Increase (decrease) in operating liabilities:**
- Accounts payable and accrued expenses: (6,058)  
- Due to related party: 7,330  
- Deferred revenue: 3,344  
- Total: $1,220,350

Net cash provided by (used in) operating activities:  
1,220,350  
(76,115)

### Net Increase (Decrease) in Cash

1,220,350  
(76,115)

### Cash - Beginning of Year

213,120  
289,235

### Cash - End of Year

$1,433,470  
$213,120

The accompanying notes are an integral part of the financial statements.
### SANDY HOOK PROMISE ACTION FUND, INC.

#### STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Program</td>
<td>Management</td>
</tr>
<tr>
<td></td>
<td>Services</td>
<td>and General</td>
</tr>
<tr>
<td>Personnel costs</td>
<td>$295,813</td>
<td>$9,668</td>
</tr>
<tr>
<td>Contractual services</td>
<td>$103,378</td>
<td>-</td>
</tr>
<tr>
<td>Advertising</td>
<td>$179,575</td>
<td>-</td>
</tr>
<tr>
<td>Business expenses</td>
<td>$7,936</td>
<td>$101</td>
</tr>
<tr>
<td>Travel and conferences</td>
<td>$35,891</td>
<td>$12</td>
</tr>
<tr>
<td>Office expenses</td>
<td>$4,403</td>
<td>$7,121</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$626,996</strong></td>
<td><strong>$16,902</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of the financial statements

-6-
NOTE 1 - ORGANIZATION

Sandy Hook Promise Action Fund, Inc. (the Organization) is a Connecticut nonstock, not-for-profit corporation. The Organization’s purpose is to advocate for the passage of sensible policy at a State and Federal level that prevents gun violence in the areas of mental health, mental wellness and gun safety. Activities include researching effective actions, educating legislators and constituents, and lobbying for the passage of sensible policy.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. Accordingly, the accounts of the Organization are reported in the following net asset categories:

Unrestricted Net Assets
Unrestricted net assets represent available resources that are free of donor-imposed restrictions. These resources may be expended at the discretion of the Board of Directors.

Temporarily Restricted Net Assets
Temporarily restricted net assets represent contributions that are restricted by the donor as to purpose or time of expenditure. The Organization did not have any temporarily restricted net assets as of June 30, 2018 and 2017.

Permanently Restricted Net Assets
Permanently restricted net assets are subject to donor-imposed restrictions that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization did not have any permanently restricted net assets as of June 30, 2018 and 2017.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. There are no significant estimates embodied in the financial statements.

Contributions

Unconditional contributions are recognized when pledged or received, as applicable, and are considered to be available for unrestricted use unless specifically restricted by the donor. Unconditional contributions are recorded net of an allowance for uncollectible amounts. Contributions are reported as temporarily restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met.
NOTES TO FINANCIAL STATEMENTS

Donated Property and Services

Donated services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Donated property and the use of equipment and facilities are recorded as support and expenses at fair market value when determinable, otherwise at values indicated by the donor. While many individuals volunteer their time and perform a variety of tasks that assist the Organization, no amounts have been recognized in the accompanying financial statements for such services because the criteria for recognition of such volunteer efforts have not been met.

Functional Expense Allocation

Expenses are charged directly to program services, development and fundraising, and general and administrative based on specific identification to the extent practicable. Expenses related to more than one function have been allocated based on periodic time and expense studies. General and administrative expenses include those expenses that are not directly identifiable with a specific function, but provide for the overall support and direction of the Organization.

Income Taxes

The Organization is exempt from federal taxes under Section 501(c)(4) of the Internal Revenue Code. Accordingly, no provision has been made for income taxes.

Subsequent Events

In preparing these financial statements, management has evaluated subsequent events through November 2, 2018, which represents the date the financial statements were available to be issued.

NOTE 3 - CONCENTRATIONS

The Organization’s financial instrument that is exposed to concentrations of credit risk consists of cash.

Cash

The Organization places its cash deposits with high credit-quality institutions. Such deposits exceed federal depository insurance limits at times during the year. However, management believes that these deposits are not subject to significant credit risk.

NOTE 4 - RELATED PARTY TRANSACTIONS

The Sandy Hook Promise Foundation, Inc. (the Foundation) incurred expenses of $92,220 and $89,250, which were charged to the Organization per the cost sharing agreement for the years ended June 30, 2018 and 2017, respectively.

As of June 30, 2018 and 2017, the amount due to the Foundation was $20,121 and $12,791, respectively.