



**B A B Y B U G G Y**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2009**

**(With Comparative Totals for December 31, 2008)**

**THE BABY BUGGY, INC.**

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DECEMBER 31, 2009**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
The Baby Buggy, Inc.

We have audited the accompanying statement of financial position of The Baby Buggy, Inc. (the "Organization") as of December 31, 2009, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from The Baby Buggy, Inc.'s 2008 financial statements and, in our report dated April 28, 2009 we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with generally accepted auditing standards 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 The Baby Buggy, Inc. as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

*ERE LLP*

New York, NY  
April 14, 2010

# THE BABY BUGGY, INC.

## STATEMENT OF FINANCIAL POSITION

December 31,	2009	2008
<b>Assets:</b>		
Cash and cash equivalents	\$ 184,084	\$ 642,051
Investments	2,372,020	2,143,917
Contributions receivable	171,022	424,765
Inventory	433,209	600,085
Prepaid expenses	30,302	23,042
Property and equipment, net	3,054	7,227
Other assets	4,969	9,735
<b>Total Assets</b>	<b>\$ 3,198,660</b>	<b>\$ 3,850,822</b>
<b>Liabilities and Net Assets:</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 28,554	\$ 81,385
<b>Net Assets:</b>		
Unrestricted -		
Board designated	65,345	65,345
General	2,383,307	2,946,234
Total unrestricted	2,448,652	3,011,579
Temporarily restricted	721,454	757,858
Total net assets	3,170,106	3,769,437
<b>Total Liabilities and Net Assets</b>	<b>\$ 3,198,660</b>	<b>\$ 3,850,822</b>

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

# THE BABY BUGGY, INC.

## STATEMENT OF ACTIVITIES

For the year ended December 31, 2009 (With comparative totals for 2008)

	Unrestricted	Temporarily Restricted	2009 Total	2008 Total
<b>Revenues:</b>				
Contributions - cash	\$ 218,279	\$ 90,000	\$ 308,279	\$ 673,502
Contributions - in-kind	2,017,588		2,017,588	3,974,043
Special events income, net of expenses of \$177,338 in 2009 and \$675,101 in 2008	526,411		526,411	1,198,857
Investment income	115,204	-	115,204	113,711
Net assets released from restrictions	126,404	(126,404)	-	-
<b>Total revenues</b>	<b>3,003,886</b>	<b>(36,404)</b>	<b>2,967,482</b>	<b>5,960,113</b>
<b>Expenses:</b>				
Program	2,944,412	-	2,944,412	4,777,136
General and administrative	381,828	-	381,828	450,401
Fundraising	240,573	-	240,573	304,042
<b>Total expenses</b>	<b>3,566,813</b>	<b>-</b>	<b>3,566,813</b>	<b>5,531,579</b>
<b>Change in net assets</b>	<b>(562,927)</b>	<b>(36,404)</b>	<b>(599,331)</b>	<b>428,534</b>
<b>Net assets, beginning of year</b>	<b>3,011,579</b>	<b>757,858</b>	<b>3,769,437</b>	<b>3,340,903</b>
<b>Net assets, end of year</b>	<b>\$ 2,448,652</b>	<b>\$ 721,454</b>	<b>\$ 3,170,106</b>	<b>\$ 3,769,437</b>

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

THE BABY BUGGY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2009 (With comparative totals for 2008)

	Programs										Total Program	General and Administrative	Fundraising	2009 Total	2008 Total
	Health	Crisis Intervention	Homeless Care	Foster Care	Domestic Violence	Court	Parenting	Education							
Salaries	\$ 59,077	\$ 104,557	\$ 80,327	\$ -	\$ 32,910	\$ 27,424	\$ -	\$ 87,638	\$ -	\$ 391,933	\$ 81,420	\$ 160,240	\$ 633,593	\$ 700,611	
Payroll taxes and fringe benefits	12,916	22,860	17,562	-	7,195	5,996	-	19,161	-	85,690	17,801	35,034	138,525	157,285	
Program supplies-in-kind	376,072	940,179	250,714	-	188,036	20,893	-	313,393	-	2,089,287	-	-	2,089,287	3,460,424	
Program supplies	24,183	60,457	16,122	-	12,091	1,343	-	20,152	-	134,348	-	-	134,348	420,242	
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	4,173	-	4,173	8,387	
Maintenance and repair	1,104	1,955	1,502	-	615	513	-	1,638	-	7,327	1,522	2,995	11,844	10,037	
Occupancy	25,779	55,241	25,779	-	20,255	11,048	-	25,779	-	163,881	7,365	12,890	184,136	181,366	
Telephone	1,339	2,370	1,821	-	746	622	-	1,987	-	8,885	1,846	3,633	14,364	15,190	
Insurance	1,259	2,229	1,712	-	702	585	-	1,868	-	8,355	1,735	3,416	13,506	14,145	
Office expense	1,009	1,786	1,372	-	562	468	-	1,497	-	6,694	1,390	2,736	10,820	64,422	
Postage and delivery	5,140	9,097	6,989	-	2,863	2,386	-	7,625	-	34,100	7,084	13,941	55,125	172,244	
Professional fees	-	-	-	-	-	-	-	-	-	-	245,937	-	245,937	266,517	
Printing	361	639	491	-	201	168	-	536	-	2,396	498	980	3,874	19,123	
Bank fees and related charges	1,736	3,072	2,360	-	967	806	-	2,575	-	11,516	2,392	4,708	18,616	26,017	
Miscellaneous	-	-	-	-	-	-	-	-	-	-	8,665	-	8,665	15,569	
<b>Total Expenses</b>	<b>\$ 509,975</b>	<b>\$ 1,204,442</b>	<b>\$ 406,751</b>	<b>\$ -</b>	<b>\$ 267,143</b>	<b>\$ 72,252</b>	<b>\$ -</b>	<b>\$ 483,849</b>	<b>\$ -</b>	<b>\$ 2,944,412</b>	<b>\$ 381,828</b>	<b>\$ 240,573</b>	<b>\$ 3,566,813</b>	<b>\$ 5,531,579</b>	
<b>Total Expenses 2008</b>	<b>\$ 717,006</b>	<b>\$ 1,247,456</b>	<b>\$ 999,040</b>	<b>\$ 47,006</b>	<b>\$ 385,399</b>	<b>\$ 334,358</b>	<b>\$ 47,006</b>	<b>\$ 999,865</b>	<b>\$ 477,136</b>	<b>\$ 4,777,136</b>	<b>\$ 450,401</b>	<b>\$ 304,042</b>	<b>\$ 5,531,579</b>	<b>\$ 5,531,579</b>	

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

# THE BABY BUGGY, INC.

## STATEMENT OF CASH FLOWS

For the year ended December 31,	2009	2008
<b>Cash flows from operating activities:</b>		
Changes in net assets	\$ (599,331)	\$ 428,534
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	4,173	8,387
Unrealized loss/(gain) on investment	(33,366)	39,541
Realized (gain)/loss on investment	4,085	(41,138)
Donated rent received	(212,917)	(212,917)
Donated rent expensed	53,895	52,325
Donated goods - contributions	(1,922,411)	(3,846,477)
Goods utilized in program expenses	2,089,287	3,460,424
<b>Changes in operating assets and liabilities:</b>		
(Increase) decrease in:		
Contributions receivable	412,765	116,319
Prepaid expenses	(7,260)	(10,105)
Other assets	4,766	(4,628)
Decrease in:		
Accounts payable and accrued expenses	(52,831)	(10,639)
<b>Net cash used in operating activities</b>	<b>(259,145)</b>	<b>(20,374)</b>
<b>Cash flows from investing activities:</b>		
Capital expenditures	-	(2,581)
Proceeds from sale of investments	345,769	2,516,635
Purchases of investments	(533,174)	(2,111,126)
Accrued interest on investment	(11,417)	(6,679)
<b>Net cash provided by (used in) investing activities</b>	<b>(198,822)</b>	<b>396,249</b>
Net increase (decrease) in cash and cash equivalents	(457,967)	375,875
Cash and cash equivalents, beginning of year	642,051	266,176
<b>Cash and cash equivalents, end of year</b>	<b>\$ 184,084</b>	<b>\$ 642,051</b>
<b>Non-Cash Investing and Financing Activities:</b>		
Unrealized loss/(gain) on investment	\$ (33,366)	\$ 39,541
In-kind contributions	2,081,433	4,007,069

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

# THE BABY BUGGY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2009

### 1. NATURE OF ORGANIZATION:

The Baby Buggy, Inc. (the "Organization"), was incorporated February 26, 2001 to help provide essential clothing, products and gear for infants and young children in need. The Organization was granted tax-exempt status under Section 501(c) (3) of the Internal Revenue Code and is not classified as a private foundation. The Organization generates most of its revenue from contributions and serves families through the following programs:

Health – Programs offered through or in affiliation with the maternal health, social work, and labor/delivery departments in hospitals.

Crisis Intervention – Organizations that provide services for at-risk children and families who are living in poverty and faced with challenging circumstances. These programs offer case management, counseling, advocacy, and parenting workshops, as well as crisis intervention when necessary.

Homeless – Programs serving individuals dealing with homelessness by providing them with shelter, transitional housing and related services, crisis intervention, counseling, case management, and life skills workshops.

Foster Care - Organizations that provide services designed to assist families in crisis by improving parenting and family functions while keeping children safe. They help families cope with stress and obtain needed services by referring to other social service programs, public assistance programs and offering counseling.

Domestic Violence - Organizations that offer women dealing with domestic violence with shelter, support, crisis intervention, case management, and counseling, as well as life skills, parenting and job readiness workshops.

Court Programs - Safe Horizon programs in the family and criminal courts, court child centers, and Community Programs; these programs offer case management, crisis intervention, mediation, as well as assistance with navigating the family and criminal court systems.

Parenting - Organizations that provide range of support services necessary to raise happy and healthy family and obtain self-reliance to adults living in challenging situations. These services include: parenting guidance, assistance in obtaining education certificates and diplomas, vocational training, legal aid, facilitate access to public assistance programs, counseling and health education.

Education - Educational institutions offering programming and services to families living in poverty, which address the needs of the entire family.

### 2. SIGNIFICANT ACCOUNTING POLICIES:

#### Financial Statement Presentation

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

The classification of an organization's net assets and its support, revenues and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the three classes of net assets – permanently restricted, temporarily restricted, and unrestricted – be displayed in a statement of



# THE BABY BUGGY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2009

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financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These three classes are defined as follows:

Permanently Restricted – Net assets resulting from contributions and other inflows of assets whose use by the organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization.

Temporarily Restricted – Net assets resulting from contributions and other inflows of assets whose use by the organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the organization pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets.

Unrestricted – The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

### Cash and Cash Equivalents

The Organization considers all highly liquid instruments purchased with original maturities of three months or less from the date of acquisition as cash and cash equivalents.

### Investments

Investments are recorded at fair value based upon quoted market prices. Income earned and changes in fair value as determined by quoted market prices are recorded as unrestricted net assets.

### Contributions Receivable

Contributions receivable represent unconditional promises to give by donors. The Organization considers all gifts of long-lived assets to be temporarily restricted. The Organization has determined that no allowance for uncollectible accounts for pledges receivable is necessary as of December 31, 2009. Such estimate is based on management's assessments of the creditworthiness of its donors, the aged basis of its receivables, as well as current economic conditions and historical information. The Organization does not discount contributions due greater than one year and that policy is not materially different from GAAP.

### Inventory

Inventory consists of both the undistributed portion of donated goods recorded at the value placed by the donors on the date of donation and the purchase price of goods acquired by the Organization.

# THE BABY BUGGY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2009

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### Property and Equipment

Property and equipment are stated at cost and are being depreciated on the straight-line method over the estimated useful lives of the assets. The organization has established a \$1,000 threshold above which assets are capitalized. Leasehold improvements are amortized over the shorter of the life of the asset or the life of the lease.

### In-Kind Contributions

In-kind contributions consist of goods donated by corporations and individuals. The value placed by the corporations and individuals are used for valuing the contribution received. If no value is provided by donor, an estimated value is determined by the Organization.

Donated services are recognized as revenue if the services received create or enhance non-financial assets, require specified skills provided by individuals possessing those skills and typically need to be purchased if not provided by donation. Accordingly, the Organization does not record the value of volunteer hours since they do not meet the criteria for recognition under the accounting principles generally accepted in the United States of America.

### Special Events

The Organization conducts special events in which a portion of gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. Unless a verifiable, objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Organization. The direct costs of the special events which ultimately benefit the donor rather than the Organization are recorded as exchange transaction revenue and exchange transaction expense. All proceeds received in excess of the direct costs are recorded as special events support in the accompanying statement of activities. In the years ended December 31, 2009 and 2008, the Organization reported special events income of \$526,411 and \$1,198,857, respectively, with exchange transaction revenue and exchange transaction expense of \$177,338 and \$675,101, respectively. The direct costs of special events include expenses for the benefit of the donor. For example, meals and facilities rental are considered direct costs of special events.

### Functional Allocation of Expenses

Expenses that can be directly identified with the program or supporting service to which they relate are charged accordingly. Other expenses by function have been allocated among program and supporting service classifications using payroll allocation.

### 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.

# THE BABY BUGGY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2009

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### Comparative Information

The 2009 financial statements include certain prior-year summarized comparative information in total, but not in detail for the statements of activities and functional expenses. As a result, the fiscal 2008 comparative information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such fiscal 2008 information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2008, from which the summarized information was derived.

### Implementation of New Accounting Pronouncements

- A. Effective December 15, 2009, the Organization adopted the standard which prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The cumulative effect of this change in accounting principle was immaterial.

In assessing the realizability of tax benefits, management considers whether it is more likely than not that some portion or all of any tax position will not be realized. The ultimate realization of such tax positions is dependent upon the generation of future income. Management considers projected future income and tax planning strategies in making this assessment. Based upon the level of historical income and projections for future income, management believes it is more likely than not that the Organization will realize all tax benefits.

The Organization classifies interest on underpayments of income tax as "Interest Expense," and classifies penalties in connection with underpayments of tax as "Other Expense."

The Organization does not expect a significant increase or decrease to the total amounts of unrecognized tax positions during the fiscal year ended December 31, 2009. However, the Organization is under regular audit by tax authorities. The Organization believes that it has appropriate support for the positions taken on its tax returns. Nonetheless, the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts accrued for each year. Management believes that its nonprofit status would be sustained upon examination.

The Organization files informational returns in the United States federal and New York State jurisdictions. The Organization is no longer subject to income tax examinations by the Internal Revenue Service or New York State for returns filed before 2006.

# THE BABY BUGGY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2009

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- B. Effective September 1, 2009, the Organization adopted the provisions of the fair value measurements standard. Under this standard, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

This standard establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring the most observable units be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organizations assumption about inputs used by market participants at the measurement date. The fair value hierarchy is categorized into three levels based on inputs as follows-

- Level 1- Valuation based on quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.
- Level 2- Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3- Valuation based on inputs that are unobservable and significant to the overall fair value measurement.

Level 3 assets and liabilities measured at fair value are based on one or more of three valuation techniques noted in the standard. The three valuation techniques are as follows:

- Market approach - Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
- Cost approach - Amount that would be required to replace the service capacity of an asset (i.e. replacement cost); and
- Income approach - Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing models, and lattice models).

Management has reviewed securities for declines in value that are other than temporary. At December 31, 2009, any such declines did not materially affect these financial statements.

**THE BABY BUGGY, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

Subsequent Events

Management has reviewed subsequent events and transactions that occurred after the balance sheet date through April 14, 2010. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management has determined that there are no non-recognized subsequent events that require an additional disclosure.

**3. CONTRIBUTIONS RECEIVABLE:**

Contributions receivable consists of the following as of December 31, 2009 and 2008:

	2009	2008
Amounts due in less than one year	\$ 67,512	\$ 265,743
Amounts due within one to five years	103,510	159,022
Total	\$ 171,022	\$ 424,765

**4. INVESTMENTS:**

The Organization's securities consist of certificates of deposit. The Organization uses the Level 2 fair value hierarchy in the valuation of these investments. The investments are all classified as unrestricted net assets.

	2009	2008
	Other Significant Observable Inputs (Level II)	Other Significant Observable Inputs (Level II)
Certificates of Deposit	\$2,360,603	\$2,137,237
Accrued Interest	11,417	6,680
Total Assets Accounted for At Fair Value on a Recurring Basis	\$2,372,020	\$2,143,917

The components of total investment activity as of December 31, 2009 and 2008 were as follows:

December 31,	2009
Investments in marketable securities -beginning of year	\$ 2,143,917
Accrued interest	11,417
Purchase to investment accounts	447,251
Sales from investment accounts	(345,769)
Realized loss on sale of investments	(4,085)
Dividends and interest	85,923
Net change in unrealized gains on investments reported at fair value	33,366
Investments in marketable securities -end of year	\$ 2,372,020

**THE BABY BUGGY, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

**5. PROPERTY AND EQUIPMENT:**

Property and equipment consist of the following as of December 31:

	2009	2008	Estimated Useful Lives
Property and equipment	\$ 16,665	\$ 16,665	5 years
Less: accumulated depreciation	(13,611)	(9,438)	
	\$ 3,054	\$ 7,227	
Website development	\$ -	\$ 41,350	
Less: accumulated amortization	-	(41,350)	
	\$ -	\$ -	

Depreciation expense was \$4,173 and \$4,154 for the years ended December 31, 2009 and 2008, respectively. Amortization expense was \$0 and \$4,233 for the years ended December 31, 2009 and 2008, respectively.

**6. INVENTORY:**

Inventory consists of the following as of December 31:

	2009	2008
Baby clothing	\$ 158,543	\$ 340,072
Non-essential baby items	19,239	1,424
Essential baby gear	255,427	258,589
Total	\$ 433,209	\$ 600,085

**7. IN-KIND DONATIONS:**

The Organization operates principally from corporate and individual donations. In lieu of cash contributions, some people donate goods, which are recorded on the date of donation. For the years ended December 31, 2009 and 2008, these contributions totaled \$2,081,433 and \$4,007,069, respectively.

**8. COMMITMENTS AND CONTINGENCIES:**

The Organization signed a five-year non-cancelable operating lease for office space in 2007, which expires October 14, 2012. At December 31, 2009, future minimum lease payments were as follows:

Year ended December 31,	
2010	\$ 117,962
2011	121,501
2012	98,459
	\$ 337,922

Included in rent expense of \$184,136 and \$181,366 for the years ended December 31, 2009 and 2008, respectively, is donated rent of \$53,895 and \$52,325, respectively, and are charged to in-kind rent expense.

# THE BABY BUGGY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2009

**9. CONCENTRATIONS:** Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 through 2013.

**10. TEMPORARILY RESTRICTED NET ASSETS:** Temporarily restricted net assets are purpose restricted and consist of the following at December 31, 2009 and 2008:

	2009	2008
Infant Gear	\$ 210,417	\$ 237,360
Crib Drive	180,363	190,582
Nurse Family Partnership	61,497	30,000
Food Initiative	42,987	50,000
Family Resource Center	67,169	36,999
Rent	159,021	212,917
	\$ 721,454	\$ 757,858

Net assets were released from restrictions by satisfying the restricted purposes for the fiscal year ended December 31, 2009 as follows:

Infant Gear	\$	26,943
Nurse Family Partnership		8,503
Food Initiative		7,014
Family Resource Center		19,830
Project Safe Sleep		10,219
Rent		53,895
	\$	126,404