

NEWTOWN MEMORIAL FUND, INC.

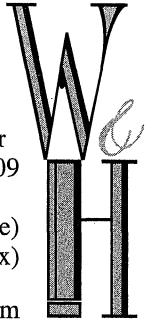
Financial Statements

October 31, 2013

NEWTOWN MEMORIAL FUND, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Newtown Memorial Fund, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Newtown Memorial Fund, Inc. (a nonprofit organization), which comprise the statements of financial position as of October 31, 2013, and the related statements of activities and cash flows for the period December 20, 2012 through October 31, 2013, 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 audit. We conducted our audit 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 auditor considers 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 Newtown Memorial Fund, Inc. as of October 31, 2013, and the changes in its net assets and its cash flows for the period December 20, 2012 through October 31, 2013 in accordance with accounting principles generally accepted in the United States of America.

Whittlesey & Hadley, P.C.

Hartford, Connecticut
June 2, 2014

NEWTOWN MEMORIAL FUND, INC.

Statement of Financial Position

October 31, 2013

Assets

| | |
|---------------------------|-------------------|
| Cash and cash equivalents | \$ 755,744 |
| Total assets | <u>\$ 755,744</u> |

Liabilities

| | |
|-------------------|----------------|
| Accounts payable | \$ 10,000 |
| Commitments | <u>370,000</u> |
| Total liabilities | <u>380,000</u> |

Net assets

| | |
|----------------------------------|-------------------|
| Unrestricted | <u>375,744</u> |
| Total liabilities and net assets | <u>\$ 755,744</u> |

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

NEWTOWN MEMORIAL FUND, INC.

Statement of Activities

For the period December 20, 2012
through October 31, 2013

Unrestricted Net Assets:

Revenues

| | |
|--------------------------------------|------------------|
| Donations | \$ 1,497,099 |
| Fundraising - Golf tournament | 63,254 |
| Fundraising - New York City marathon | 26,900 |
| Fundraising - Hartford marathon | 4,715 |
| Interest | 1,054 |
| Total revenues | <u>1,593,022</u> |

Expenses

| | |
|-------------------------------|------------------|
| Donation distributions | 1,191,240 |
| Fundraising - Golf tournament | 19,083 |
| Fundraising - other | 3,128 |
| Other operating costs | 3,827 |
| Total expenses | <u>1,217,278</u> |

| | |
|-----------------------------------|-------------------|
| Change in unrestricted net assets | <u>\$ 375,744</u> |
|-----------------------------------|-------------------|

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

NEWTOWN MEMORIAL FUND, INC.

Statement of Cash Flows

For the period December 20, 2012
through October 31, 2013

| | |
|----------------------------------------------------------------------------------------------|--------------------------|
| Change in net assets | \$ 375,744 |
| Cash flows from operating activities: | |
| Adjustments to reconcile change in net assets to change in cash from operating activities | |
| Increase in accounts payable | 10,000 |
| Increase in commitments | <u>370,000</u> |
| Change in cash from operating activities | <u>755,744</u> |
| Net change in cash and cash equivalents | 755,744 |
| Cash and cash equivalents, beginning of year | <u>-</u> |
| Cash and cash equivalents, end of year | <u><u>\$ 755,744</u></u> |

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

NEWTOWN MEMORIAL FUND, INC.

Notes to Financial Statements

October 31, 2013

NOTE 1 – ORGANIZATION

Newtown Memorial Fund, Inc. (the “Fund”) is a not-for-profit organization established on December 20, 2012. Its mission as a non-profit is to provide for the immediate needs of the families of the 26 victims of the Sandy Hook Elementary School tragedy, those who were wounded but survived, the 12 children who were survivor witnesses, and the others affected; contribute toward a lasting, meaningful, physical memorial honoring the lives lost on December 14, 2012; and establish academic scholarships for future generations of Newtown students.

The Fund is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the organization’s exempt status.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Fund is presented to assist in understanding the Fund’s financial statements. The financial statements and notes are a representation of the Fund’s management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted by the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of Presentation – The Fund’s financial statements are presented in conformity with accounting principles generally accepted in the United States of America (“GAAP”). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

As a not-for-profit corporation, the Fund’s net assets are classified as unrestricted, temporarily restricted or permanently restricted based upon the existence or absence of donor-imposed restrictions limiting the use of the contributed assets as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets - Net assets subject to donor-imposed restrictions that either expire by the passage of time or can be fulfilled or otherwise removed by actions of the organization.

Permanently restricted net assets - Net assets subject to donor imposed restrictions that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Board of Directors.

The Fund has not received contributions (non-reciprocal transfers) from donors that are subject to donor imposed restrictions. Accordingly, all net assets are reported as unrestricted net assets.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition – The Fund receives contributions that are recorded upon receipt.

Cash and Cash Equivalents – The Fund maintains its cash deposits at one financial institution. Cash and cash equivalents are deposits with a maturity of three months or less, when purchased.

Income Taxes – The Fund was organized as a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code, and as such, is not subject to federal or state corporate income taxes.

The Fund implemented the accounting guidance for uncertainty in income taxes using certain provisions of the Accounting Standards Codification over income taxes. Using this guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not that the position will be sustained upon examination by the tax authorities. As of October 31, 2013, the Fund has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements and believes that it has appropriate support for income tax positions taken in its tax returns. Currently, the Fund's information return for fiscal year 2013 remains open to inspection by the IRS.

Use of Estimates – The preparation of financial statements in conformity with GAAP requires that management make estimates and assumptions that affect certain reported amounts of assets and liabilities, the 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. Accordingly, actual results could differ from those estimates.

Subsequent Events Measurement Date – The Fund monitored and evaluated any subsequent events for footnote disclosure or adjustments required in its financial statements from the year ended October 31, 2013 through June 2, 2014, the date on which the financial statements were available to be issued.

NOTE 3 – CONCENTRATION OF CREDIT RISK

The Fund maintains its cash in accounts which, at times, may exceed federally insured limits. The Fund has not experienced any losses in such accounts. The Fund believes it is not exposed to any significant credit risk on cash and cash equivalents and believes that it is not exposed to any significant credit risk on these balances because of the credit worthiness of the financial institution.

NOTE 4 – FUND DISTRIBUTIONS

The Fund's Board of Directors approved and distributed \$821,240 to various recipient individuals and organizations.

The schedule of distributions made as of October 31, 2013, is as follows:

| | |
|-------------------------------------------|-------------------|
| The families of the 26 victims | \$ 510,000 |
| The families of the 12 survivor witnesses | 120,000 |
| The families of the 2 wounded | 40,000 |
| Scholarships | 70,000 |
| Supplemental health distributions | 30,000 |
| Other affected individuals | 29,240 |
| Other organizations | 22,000 |
| | <u>\$ 821,240</u> |

NOTE 5 – COMMITMENTS

The Fund's Board of Directors has committed \$150,000 to assist in the community's ongoing mental health needs through distributions administered by the Connecticut Office of Victim's Services. The Fund's Board of Directors has also made a distribution of \$70,000 for college scholarships and committed \$220,000 for future college costs for these students, if they qualify in future years, through the administration of the Newtown Scholarship Association.