

THE DIAPER BANK OF CONNECTICUT, INCORPORATED

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

The Diaper Bank of Connecticut, Incorporated
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Year Ended June 30, 2020

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CERTIFIED PUBLIC ACCOUNTANT

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-INDEPENDENT AUDITOR'S REPORT-

The Board of Directors
The Diaper Bank of Connecticut, Incorporated
North Haven, Connecticut

Report on the Financial Statements

I have audited the accompanying financial statements of The Diaper Bank of Connecticut, Incorporated, (a nonprofit organization) which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the year 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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 auditor's judgment, including 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Diaper Bank of Connecticut, Incorporated as of June 30, 2020, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

I have previously audited the Diaper Bank of Connecticut, Incorporated's June 30, 2019 financial statements, and I expressed an unmodified audit opinion on those audited financial statement in my report dated October 23, 2019. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was delivered from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have issued my report dated December 15, 2020 on my consideration of The Diaper Bank of Connecticut, Incorporated internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and

compliance and the results of that testing, and not to provide an opinion on the effectiveness on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Diaper Bank of Connecticut, Incorporated's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Richard D. S. CPA.", with a large, stylized flourish above the name.

Milford, Connecticut
December 15, 2020

The Diaper Bank of Connecticut, Incorporated
Statement of Financial Position
Year Ended June 30, 2020

	<u>2020</u>	<u>(Memorandum Only)</u> <u>2019</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$361,461	\$45,512
Grants Receivable, Less Allowance for Doubtful Accounts of \$-0- as of June 30, 2020 and \$-0- as of June 30, 2019	375,101	28,260
Inventories	373,476	174,116
Prepaid Expenses	<u>2,080</u>	<u>2,208</u>
Total Current Assets	\$1,112,118	\$250,096
Property and Equipment		
Furniture and Equipment	11,893	5,535
Less: Accumulated Depreciation	<u>5,474</u>	<u>4,242</u>
Net Property and Equipment	<u>6,389</u>	<u>1,293</u>
Total Assets	<u>\$1,118,507</u>	<u>\$251,389</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities		
Accounts Payable	\$12,360	\$4,501
Deferred Revenue	<u>409,101</u>	<u>8,170</u>
Total Current Liabilities	\$421,461	\$12,671
NET ASSETS		
Without Donor Restrictions	<u>697,046</u>	<u>238,718</u>
Total Net Assets	<u>697,046</u>	<u>238,718</u>
Total Liabilities and Net Assets	<u>\$1,118,507</u>	<u>\$251,389</u>

-See Independent Auditor's Report and Notes to the Financial Statements-

The Diaper Bank of Connecticut, Incorporated
Statement of Activities
Year Ended June 30, 2020

Without Donor Restrictions

Revenues and Gains:	<u>2020</u>	<u>(Memorandum Only)</u> <u>2019</u>
Grants – Governmental	\$333,333	---
Grants – Public and Private	326,110	143,963
Dues	17,850	\$19,325
Contributions	493,325	335,793
Fundraising	<u>40,415</u>	<u>53,226</u>
 Total Revenues and Gains	 \$1,211,033	 \$552,307
 Expenses and Losses:		
 Program Services	 649,651	 410,557
Management and General	65,911	59,746
Fundraising	<u>37,143</u>	<u>31,691</u>
 Total Expenses and Losses	 <u>752,705</u>	 <u>501,994</u>
 Increase In Net Assets	 458,328	 50,313
 Net Assets, Beginning of Year	 <u>238,718</u>	 <u>188,405</u>
 Net Assets, End of Year	 <u>\$697,046</u>	 <u>\$238,718</u>

-See Independent Auditor's Reports and Notes to the Financial Statements-

The Diaper Bank of Connecticut, Incorporated
Statement of Functional Expenses
Year Ended June 30, 2020

Supporting Services

				(Memorandum Only)	
	Program	Management		Year Ended	Year Ended
	<u>Services</u>	<u>and General</u>	<u>Fundraising</u>	June 30, 2020	June 30, 2019
				<u>Totals</u>	<u>Totals</u>
Diapers Distributed	\$366,388	---	---	\$366,388	\$186,163
Salaries	137,424	\$36,646	\$9,162	183,232	141,191
Payroll Taxes	13,523	3,606	902	18,031	12,980
Payroll Services	602	161	40	803	585
Health Insurance	4,612	1,230	307	6,149	7,201
Marketing and Promotions	---	---	9,300	9,300	9,382
Agency Fees	21,850	---	---	21,850	7,500
Fundraising	---	---	14,046	14,046	11,718
Dues and Subscriptions	1,887	503	126	2,516	1,883
Professional Fees	30,232	8,062	2,015	40,309	28,849
Insurance	3,134	836	209	4,179	3,832
Professional Development	990	264	66	1,320	1,214
Communications	3,073	820	205	4,098	4,059
Office Supplies	7,395	1,972	493	9,860	6,439
Merchant Fees	2,713	723	180	3,616	2,435
Computer Supplies and Software	2,743	914	---	3,657	3,190
Occupancy	29,250	9,750	---	39,000	66,150
Warehouse and Delivery	22,228	---	---	22,228	5,880
Depreciation	924	246	62	1,232	739
Travel	<u>683</u>	<u>178</u>	<u>30</u>	<u>891</u>	<u>604</u>
	<u>\$649,651</u>	<u>\$65,911</u>	<u>\$37,143</u>	<u>\$752,705</u>	<u>\$501,994</u>

-See Independent Auditor's Report and Notes to the Financial Statements-

The Diaper Bank of Connecticut, Incorporated
Statement of Cash Flows
Year Ended June 30, 2020

	<u>June 30, 2020</u>	<u>(Memorandum Only)</u> <u>June 30, 2019</u>
Cash Flows From Operating Activities:		
Increase in Net Assets Without Donor Restrictions	\$458,328	\$50,313
Adjustments to Reconcile Increase in Net Assets Without Donor Restrictions to Net Cash Provided By/ (Used In) Operating Activities:		
Depreciation	1,232	739
(Increase) Decrease in Grants Receivable	(346,841)	(13,260)
(Increase) Decrease in Inventories	(199,360)	30,274
(Increase) Decrease in Prepaid Expenses	128	281
Increase (Decrease) in Accounts Payable	7,859	(16,769)
Increase (Decrease) in Deferred Revenue	<u>400,931</u>	<u>(13,497)</u>
Net Cash Provided By (Used In) Operating Activities	\$322,277	\$38,081
Cash Flows from Investing Activities		
Purchase of Furniture and Equipment	<u>(6,328)</u>	---
Net Cash Provided By (Used In) Investing Activities	<u>(6,328)</u>	---
Net Increase in Cash and Cash Equivalents	315,949	38,081
Cash and Cash Equivalents, Beginning of Year	<u>45,512</u>	<u>7,431</u>
Cash and Cash Equivalents, End of Year	<u>\$361,461</u>	<u>\$45,512</u>

-See Independent Auditor's Report and Notes to the Financial Statements-

The Diaper Bank of Connecticut, Incorporated
Notes to the Financial Statements
Year Ended June 30, 2020

Note 1 – Organization and Nature of Activities

The Diaper Bank of Connecticut, Incorporated (formerly the New Haven Diaper Bank, Incorporated) “the Organization” was organized to provide economic stability by distributing diapers to low-income families with young children. The Organization is also committed to raising the awareness of the issues faced by these families living in poverty. The Organization is supported primarily through grants and private contributions.

Note 2 – Summary of Significant Accounting Policies

New Accounting Pronouncement

Effective July 1, 2019, the Organization adopted ASU 2018-08, *Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made* (“ASU 2018-08”). This guidance provide a framework for evaluating whether grants and contributions should be accounted for as exchange transactions or as nonexchange transactions. This amendment also clarifies the determination of conditional contributions based on evaluating whether there is a right of return and a barrier to overcome. ASU 2018-08 is effective for annual periods beginning after December 31, 2018 for resource recipients and for annual periods beginning after December 31, 2019 for resource providers. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes contributions and therefore no changes to the previous issued audited financial statements were required on a retrospective basis.

Basis of Accounting

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

Prior Year Information

The financial information presented for 2019 in the accompanying financial statements is included to provide basis for comparison with 2020 and presents summarized totals only. The 2019 amounts are not intended to include all the information necessary for a fair presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such amounts should be read in conjunction with the Organization’s financial statements for the year then ended June 30, 2019, from which the comparative amounts were derived.

-See Independent Auditor’s Report-

The Diaper Bank of Connecticut, Incorporated
Notes to the Financial Statements
Year Ended June 30, 2020

Property and Equipment

Fixed assets are stated at cost. Depreciation of these assets is provided over their estimated useful lives on a straight-line basis.

Advertising

Advertising costs are expensed in the period they are incurred.

Income Tax Status

The Organization is a not-for-profit corporation exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code.

On January 1, 2009, the Organization adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required.

Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more likely than not be sustained upon examination by taxing authorities. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates.

The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in material adverse effects on the Organization's financial condition, results of operations or cash flows.

Accordingly, the Organization has not recorded any reserves or related accruals for interest and penalties for uncertain income tax positions as of June 30, 2020.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2013.

The Organization's policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively.

The Diaper Bank of Connecticut, Incorporated
Notes to the Financial Statements
Year Ended June 30, 2020

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

Cost Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and health insurance, which are allocated on the basis of estimates of time and effort, as well as depreciation, occupancy and other expenses.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Note 3 – Cash and Cash Equivalents

Cash and cash equivalents include all monies in the bank and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

As of June 30, 2020, cash and cash equivalents total \$361,461.

-See Independent Auditor's Report-

The Diaper Bank of Connecticut, Incorporated
Notes to the Financial Statements
Year Ended June 30, 2020

Note 4 – Grants and Deferred Revenue

In 2016 the Organization was awarded two grants totaling \$35,000. The amounts of \$17,917 and \$17,917 were recognized as revenue in 2020 and 2019, respectively and \$0 and \$3,750 was recorded as deferred revenue as of June 30, 2020 and June 30, 2019 from these grant awards.

In 2019 the Organization was awarded a grant totaling \$13,260. The amount of \$4,420 was recorded as revenue in the year ended June 30, 2020.

In 2019 the Organization was awarded a grant totaling \$669,934. The amount of \$333,333 was recorded as revenue in the year ended June 30, 2020, and \$336,601 as recorded as deferred revenue.

In 2019 the Organization was awarded a grant totaling \$90,000. The amount of \$17,500 was recorded as revenue in the year ended June 30, 2020, and \$72,500 as recorded as deferred revenue.

Note 5 - Inventories

Inventories consists primarily of diapers and is stated at the lower of cost or net realizable value. Net realizable value is defined as the estimated selling prices of the inventory in the ordinary course of business, less reasonable predictable costs of completion, disposal and transportation.

Inventories totaled \$373,476 as of June 30, 2020.

Note 6 – Debt

The Organization maintains a line of credit with a limit of \$25,000. Principal and interest are payable on demand. Interest is provided at prime plus 3.75 percent and is secured by the assets of the Organization. The balance is \$-0- as of June 30, 2020.

Note 7 – Concentration of Credit Risk

The Organization maintains cash deposits with various banks and financial institutions that at various times may exceed federally insured limits. As of June 30, 2020, cash held in excess of federally insured limits was \$111,460.

-See Independent Auditor's Report-

The Diaper Bank of Connecticut, Incorporated
Notes to the Financial Statements
Year Ended June 30, 2020

Note 8 – Property and Equipment

Property and equipment consists of furniture and equipment and all assets are recorded at cost. Depreciation is provided on fixed assets over five and seven year useful lives. The Organization maintains a capitalization threshold of \$500. A summary of changes in property and equipment for the year ended June 30, 2020 is as follows:

	<u>Balance,</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance,</u> <u>June 30, 2020</u>
Furniture and Equipment	<u>\$5,535</u>	<u>\$6,328</u>	---	<u>\$11,863</u>
Totals	<u>\$5,535</u>	<u>\$6,328</u>	<u>\$---</u>	<u>\$11,863</u>
Less: Accumulated Depreciation for				
Furniture and Equipment	<u>4,242</u>	<u>1,232</u>	-	<u>5,474</u>
Totals	<u>\$4,242</u>	<u>\$1,232</u>	<u>\$ -</u>	<u>\$5,474</u>
Total Property and Equipment, Net of Accumulated Depreciation	<u>\$1,293</u>			<u>\$6,389</u>

Depreciation expense for the year ended June 30, 2020 is \$1,232.

Note 9 – Donated Inventory and Services

The Organization receives a significant amount of in-kind donations from unpaid volunteers and businesses. These in-kind donations have been recognized in the statement of activities as revenues in the period they are received at their fair market values.

The value of in-kind donations received was \$159,097 for the year ended June 30, 2020.

Note 10 - Related Party Transactions and Commitments

The Organization leases space from a related party. The lease is on a month to month basis with no stated rent. The Organization has recognized \$39,000 as an in-kind contribution and corresponding rent and utilities expense for the year ended June 30, 2020.

-See Independent Auditor's Report-

The Diaper Bank of Connecticut, Incorporated
Notes to the Financial Statements
Year Ended June 30, 2020

Note 10 - Related Party Transactions and Commitments (continued)

As of January 1, 2016 the Organization entered into a lease for additional space from a related party. The lease is on a month to month basis for \$3,000 per month. Rent expense was \$3,000 for the year ended June 30, 2020.

In 2020 the Organization entered into an agreement with the related party for inventory and support services for a minimum \$4,500 per truckload of diaper inventory with additional charges for wipes. The agreement is cancelable by either party. Support services totaled \$21,850 for the year ended June 30, 2020.

In June, 2018 the Organization entered into an agreement for fundraising, advertising and support services. The agreement is for four months for \$2,500 per month with additional expenses billed for costs incurred on behalf of the Organization. Professional fees totaled \$9,624 for the year ended June 30, 2020.

Note 11 – Liquidity and Availability of Financial Assets

The following reflects the Organization’s financial assets as of June 30, 2020 reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of June 30, 2020.

	<u>2020</u>
Financial Assets as of June 30th	\$1,112,118
Less those unavailable for general expenditures within one year due to restrictions	<u>2,080</u>
Financial Assets Available to Meet Cash Needs for General Expenditure Within One Year	<u>\$1,110,038</u>

Note 12 – Risks and Uncertainties

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States and the world. Due to the rapid development and fluidity of this situation, the magnitude and duration of the pandemic and its impact on the Organization's operations and liquidity is uncertain as of the date of this report. While there could ultimately be a material impact on operations and liquidity of the Organization, including availability of future grant funding, at the time of issuance, the impact could not be determined.

-See Independent Auditor’s Report-

The Diaper Bank of Connecticut, Incorporated
Notes to the Financial Statements
Year Ended June 30, 2020

Note 12 – Risks and Uncertainties (continued)

The extent to which the COVID-19 pandemic further impacts the Organization's operations and financial condition will depend on numerous evolving factors, which are uncertain and cannot be predicted, including duration and scope of the pandemic and associated disruptions; effects of current and future governmental and public responses to changing conditions; and the financial condition of the Organization's grantors and contributors to continue their support of the Organization's mission.

Note 13 – Subsequent Events

The Organization has evaluated subsequent events through December 15, 2020, which is the date these financial statements were available to be issued. No subsequent events requiring recognition or disclosure as of June 30, 2020 have been identified.

-See Independent Auditor's Report-

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (NO MATERIAL
WEAKNESSES, NO SIGNIFICANT DEFICIENCIES, NO REPORTABLE INSTANCES OF
NONCOMPLIANCE OR OTHER MATTERS)**

To the Board of Directors
The Diaper Bank of Connecticut, Incorporated
North Haven, Connecticut

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of The Diaper Bank of Connecticut, Incorporated, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements financial statements, and have issued my report thereon dated December 15, 2020.

Internal Control over Financial Reporting

In planning and performing my audit, I considered The Diaper Bank of Connecticut, Incorporated's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Diaper Bank of Connecticut, Incorporated's internal control. Accordingly, I do not express an opinion on the effectiveness of The Diaper Bank of Connecticut, Incorporated's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Diaper Bank of Connecticut, Incorporated's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in dark ink, appearing to be "M. M. M. CPA", with a large, stylized flourish that loops back under the signature.

Milford, Connecticut
December 15, 2020

MICHAEL J. PAOLINI
CERTIFIED PUBLIC ACCOUNTANT

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR STATE PROGRAM; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF STATE
FINANCIAL ASSISTANCE REQUIRED BY THE STATE SINGLE AUDIT ACT (UNMODIFIED OPINION
ON COMPLIANCE AND NO MATERIAL WEAKNESSES [NO SIGNIFICANT DEFICIENCIES IN
INTERNAL CONTROL OVER COMPLIANCE IDENTIFIED])**

To the Board of Directors
The Diaper Bank of Connecticut, Incorporated
North Haven, Connecticut

Report on Compliance for Each Major State Program

I have audited The Diaper Bank of Connecticut, Incorporated's compliance with the types of compliance requirements described in the Office of Policy and Management's Compliance Supplement that could have a direct and material effect on The Diaper Bank of Connecticut, Incorporated's major state program for the year ended June 30, 2020. The Diaper Bank of Connecticut, Incorporated's major state program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for The Diaper Bank of Connecticut, Incorporated's major state program based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about The Diaper Bank of Connecticut, Incorporated's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for our opinion on compliance for each major state program. However, my audit does not provide a legal determination of The Diaper Bank of Connecticut, Incorporated's compliance.

Opinion on Each Major State Program

In my opinion, The Diaper Bank of Connecticut, Incorporated, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of The Diaper Bank of Connecticut, Incorporated, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered The Diaper Bank of Connecticut, Incorporated's internal control over compliance with the types of requirements that could have a direct and material effect on its major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing my opinion on compliance for its major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of The Diaper Bank of Connecticut, Incorporated's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

I have audited the financial statements of the Diaper Bank of Connecticut, Incorporated, as of and

for the year ending June 30, 2020 and have issued my report thereon dated December 15, 2020, which contained an unmodified opinion on those financial statements. My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink, appearing to be "M. J. [unclear]", with the initials "CRA" written to the right of the signature.

Milford, Connecticut
December 15, 2020

The Diaper Bank of Connecticut, Incorporated
Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2020

<u>State Grantor / Pass-Through Grantor / Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
Department of Social Services		
Temporary Assistance for Needy Families	19DSS6003JO	<u>\$333,333</u>
Total Schedule of Expenditures of State Financial Assistance		<u>\$333,333</u>

-See Independent Auditor's Report and Notes to the Financial Statements-

The Diaper Bank of Connecticut, Incorporated
Notes to the Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2020

The accompanying schedule of expenditures of state awards includes state grant activity of The Diaper Bank of Connecticut, Incorporated under programs of the State of Connecticut for the fiscal year ended June 30, 2020. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including state housing developments and various services to victims of domestic violence.

Note 1 – Summary of Significant Accounting Policies

The accounting policies of The Diaper Bank of Connecticut, Incorporated conform to accounting principles generally accepted in the United States as applicable to not-for-profit organizations. The information in the Schedule of Expenditures of State Financial Assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management. Because this Schedule presents only a selected portion of the operations of The Diaper Bank of Connecticut, Incorporated, it is not intended to and does not, present the financial position, changes in net assets or cash flows of The Diaper Bank of Connecticut, Incorporated.

Basis of Accounting

The expenditures reported on the Schedule of Expenditures of State Awards are reported on the accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

The Diaper Bank of Connecticut, Incorporated
Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

I. Summary of Independent Auditor's Results

Financial Statements

Unmodified report dated December 15, 2020.

Internal control over financial reporting:

- Material weakness(es) identified? ___ Yes _v_ No
- Significant deficiency(ies) identified? ___ Yes _v_ None Reported
- Noncompliance material to financial statements noted? ___ Yes _v_ No

State Financial Assistance

Internal control over major programs:

- Material weakness(es) identified? ___ Yes _v_ No
- Significant deficiency(ies) identified? ___ Yes _v_ None Reported

Unmodified report issued on compliance for major programs dated December 15, 2020.

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act?

___ Yes _v_ No

The following schedule reflects the major programs included in the audit:

<u>State Grantor and Program</u>	<u>State Core-CT Number</u>	<u>Expenditures</u>
Department of Social Services:		
Temporary Assistance for Needy Families	19DSS6003JO	<u>\$333,333</u>
Dollar threshold used to distinguish between type A and type B programs		<u>\$100,000</u>

-See Independent Auditor's Report and Notes to the Financial Statements-

The Diaper Bank of Connecticut, Incorporated
Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

II. Financial Statement Findings

- I issued my report dated December 15, 2020 on compliance with requirements that could have a direct and material effect on each major program based upon an audit of financial statements performed in accordance with the State Single Audit Act.
- My reports on compliance and internal control over financial reporting indicated that no matters were reported.

III. State Financial Assistance Findings and Questioned Costs

- There are no findings or questioned costs for the year ended June 30, 2020.