

THE DIAPER BANK OF CONNECTICUT, INCORPORATED
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

The Diaper Bank of Connecticut, Incorporated
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Year Ended June 30, 2021

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MICHAEL J. PAOLINI
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, 2021, 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, 2021, 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, 2020 financial statements, and I expressed an unmodified audit opinion on those audited financial statement in my report dated December 15, 2020. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 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 September 24, 2021 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 blue ink, followed by the initials "C.A.A." in a smaller, printed font.

Milford, Connecticut
September 24, 2021

The Diaper Bank of Connecticut, Incorporated
Statement of Financial Position
Year Ended June 30, 2021

	<u>2021</u>	<u>(Memorandum Only)</u> <u>2020</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$287,886	\$361,461
Grants Receivable, Less Allowance for Doubtful Accounts of \$-0- as of June 30, 2021 and \$-0- as of June 30, 2020	32,300	375,101
Inventories	465,068	373,476
Prepaid Expenses	<u>4,352</u>	<u>2,080</u>
Total Current Assets	\$789,606	\$1,112,118
Property and Equipment		
Furniture and Equipment	39,299	11,863
Less: Accumulated Depreciation	<u>7,203</u>	<u>5,474</u>
Net Property and Equipment	<u>32,096</u>	<u>6,389</u>
Total Assets	<u>\$821,702</u>	<u>\$1,118,507</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities		
Accounts Payable	\$37,711	\$12,360
Deferred Revenue	<u>117,500</u>	<u>409,101</u>
Total Current Liabilities	\$155,211	\$421,461
NET ASSETS		
Without Donor Restrictions	<u>666,491</u>	<u>697,046</u>
Total Net Assets	<u>666,491</u>	<u>697,046</u>
Total Liabilities and Net Assets	<u>\$821,702</u>	<u>\$1,118,507</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, 2021

	Without Donor	Year Ended June 30, 2021		Year Ended June 30, 2020
	Restrictions	With Donor		(Memorandum Only)
		Restrictions	Total	Total
Changes in Net Assets:				
Grants – Governmental	---	\$336,601	\$336,601	\$333,333
Grants – Public and Private	\$304,904	---	304,904	326,110
Dues	43,385	---	43,385	17,850
Contributions	451,495	---	451,495	493,325
Fundraising	52,885	---	52,885	40,415
Restrictions Satisfied by Payments	<u>336,601</u>	<u>-336,601</u>	---	---
 Total Revenues and Gains	 <u>1,189,270</u>	 ---	 <u>1,189,270</u>	 <u>1,211,033</u>
Expenses and Losses:				
Program Services	1,053,699	---	1,053,699	649,651
Management and General	121,396	---	121,396	65,911
Fundraising Events	<u>44,730</u>	---	<u>44,730</u>	<u>37,143</u>
 Total Expenses and Losses	 <u>1,219,825</u>	 ---	 <u>1,219,825</u>	 <u>752,705</u>
 Change in Net Assets	 -30,555	 ---	 -30,555	 458,328
 Net Assets, Beginning of Year	 <u>697,046</u>	 ---	 <u>697,046</u>	 <u>238,718</u>
 Net Assets, End of Year	 <u>\$666,491</u>	 <u>\$---</u>	 <u>\$666,491</u>	 <u>\$697,046</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, 2021

Supporting Services

	Program	Management		Year Ended	(Memorandum Only)
	<u>Services</u>	<u>and General</u>	<u>Fundraising</u>	<u>June 30, 2021</u>	<u>Year Ended</u>
				<u>Totals</u>	<u>June 30, 2020</u>
					<u>Totals</u>
Diapers Distributed	\$371,780	---	---	\$371,780	\$366,388
Salaries	267,366	\$71,297	\$17,824	356,487	183,232
Grant Refunded	185,880	---	---	185,880	---
Payroll Taxes	30,839	8,224	2,056	41,119	18,031
Payroll Services	461	123	31	615	803
Health Insurance	5,240	1,397	349	6,986	6,149
Marketing and Promotions	---	---	14,212	14,212	9,300
Agency Fees	---	---	---	---	21,850
Fundraising	---	---	6,299	6,299	14,046
Dues and Subscriptions	2,128	567	142	2,837	2,516
Professional Fees	32,727	8,727	2,182	43,636	40,309
Insurance	3,388	904	226	4,518	4,179
Professional Development	414	111	28	553	1,320
Communications	6,790	1,812	453	9,055	4,098
Office Supplies	9,232	2,462	615	12,309	9,860
Merchant Fees	3,185	849	212	4,246	3,616
Computer Supplies and Software	3,805	1,269	---	5,074	3,657
Occupancy	69,750	23,250	---	93,000	39,000
Warehouse and Delivery	59,200	---	---	59,200	22,228
Depreciation	1,297	346	86	1,729	1,232
Travel and Meetings	<u>217</u>	<u>58</u>	<u>15</u>	<u>290</u>	<u>891</u>
	<u>\$1,053,699</u>	<u>\$121,396</u>	<u>\$44,730</u>	<u>\$1,219,825</u>	<u>\$752,705</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, 2021

	<u>June 30, 2021</u>	<u>(Memorandum Only)</u> <u>June 30, 2020</u>
Cash Flows From Operating Activities:		
Increase(Decrease) in Net Assets Without Donor Restrictions	(\$30,555)	\$458,328
Adjustments to Reconcile Increase in Net Assets Without Donor Restrictions to Net Cash Provided By/ (Used In) Operating Activities:		
Depreciation	1,729	1,232
(Increase) Decrease in Grants Receivable	342,801	(346,841)
(Increase) Decrease in Inventories	(91,592)	(199,360)
(Increase) Decrease in Prepaid Expenses	(2,272)	128
Increase (Decrease) in Accounts Payable	25,351	7,859
Increase (Decrease) in Deferred Revenue	<u>(291,601)</u>	<u>400,931</u>
Net Cash Provided By (Used In) Operating Activities	(\$46,139)	\$322,277
Cash Flows from Investing Activities		
Purchase of Furniture and Equipment	<u>(27,436)</u>	<u>(6,328)</u>
Net Cash Provided By (Used In) Investing Activities	<u>(27,436)</u>	<u>(6,328)</u>
Net Increase(Decrease) in Cash and Cash Equivalents	(73,575)	315,949
Cash and Cash Equivalents, Beginning of Year	<u>361,461</u>	<u>45,512</u>
Cash and Cash Equivalents, End of Year	<u>\$287,886</u>	<u>\$361,461</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, 2021

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 ensure that families living in poverty have an adequate supply of diapers, period supplies and incontinence products; to raise awareness that “basic human needs” includes these products and that these needs are not being met for individuals and families living in poverty; and to advocate for policy reform so that these supplies are included in the definition and provision for the “basis human needs” of families. 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 2020 in the accompanying financial statements is included to provide basis for comparison with 2021 and presents summarized totals only. The 2020 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, 2020, 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, 2021

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, 2021.

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 2014.

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

-See Independent Auditor's Report-

The Diaper Bank of Connecticut, Incorporated
Notes to the Financial Statements
Year Ended June 30, 2021

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, 2021, cash and cash equivalents total \$287,886.

-See Independent Auditor's Report-

The Diaper Bank of Connecticut, Incorporated
Notes to the Financial Statements
Year Ended June 30, 2021

Note 4 – Grants and Deferred Revenue

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 in the year ended June 30, 2021. In June, 2020 this grant was approved for renewal for the fiscal year ended June, 30, 2022. Contracts for the renewal are pending.

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 \$30,000 in the year ended June 30, 2021. As of June 30, 2020 and June 30, 2021, \$72,500 and \$42,500, respectively, were recorded as deferred revenue.

In June, 2021 the Organization was awarded a grant totaling \$75,000 for the fiscal year ended June 30, 2022. Deferred revenue totaling \$75,000 was recorded for this grant as of June 30, 2021.

In June, 2021 the Organization was approved for a grant totaling \$496,601 for the fiscal year ended June, 30, 2022. Contracts for this grant are currently pending and details are subject to change. No amount from this grant is recognized in the year ended June 30, 2021.

Note 5 - Inventories

Inventories consists primarily of diapers and incontinence products 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 \$465,067 as of June 30, 2021.

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, 2021.

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, 2021, cash held in excess of federally insured limits was \$-0-.

-See Independent Auditor's Report-

The Diaper Bank of Connecticut, Incorporated
Notes to the Financial Statements
Year Ended June 30, 2021

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, 2021 is as follows:

	<u>Balance, July 1, 2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance, June 30, 2021</u>
Furniture and Equipment	<u>\$11,863</u>	<u>\$27,436</u>	---	<u>\$39,299</u>
Totals	<u>\$11,863</u>	<u>\$27,436</u>	<u>\$---</u>	<u>\$39,299</u>
Less: Accumulated Depreciation for				
Furniture and Equipment	<u>5,474</u>	<u>1,729</u>	-	<u>7,203</u>
Totals	<u>\$5,474</u>	<u>\$1,729</u>	<u>\$ -</u>	<u>\$7,203</u>
Total Property and Equipment, Net of Accumulated Depreciation	<u>\$6,389</u>			<u>\$32,096</u>

Depreciation expense for the year ended June 30, 2021 is \$1,729.

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 \$206,159 for the year ended June 30, 2021.

Note 10 - Related Party Transactions and Commitments

The Organization leases office and warehouse space from a related party. The lease is on a month to month basis for \$3,000 per month. Rent expense totaled \$36,000 in the year ended June 30, 2021.

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 \$36,000 for the year ended June 30, 2021.

-See Independent Auditor's Report-

The Diaper Bank of Connecticut, Incorporated
Notes to the Financial Statements
Year Ended June 30, 2021

Note 10 - Related Party Transactions and Commitments (continued)

In December, 2020 the Organization entered into a lease for additional warehouse space from a related party. The lease is on a month to month basis for \$3,000 per month. Rent expense was \$21,000 for the year ended June 30, 2021.

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 and \$0 for the year ended June 30, 2021.

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 and \$15,567 for the year ended June 30, 2021.

Note 11 – Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of June 30, 2021 reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of June 30, 2021.

Financial Assets as of June 30th	<u>2021</u>
	\$320,186
Less those unavailable for general expenditures within one year due to restrictions	---
Financial Assets Available to Meet Cash Needs for General Expenditure Within One Year	<u>\$320,186</u>

Note 12 – Grants Refunded

The Organization received a grant of \$185,880 for the year ended June 30, 2021. According to the terms of the grant the Organization was required to purchase products not to exceed a certain unit price. The Organization was unable to purchase the products at the specified maximum price and the funds were returned in full.

-See Independent Auditor's Report-

The Diaper Bank of Connecticut, Incorporated
Notes to the Financial Statements
Year Ended June 30, 2021

Note 13 – Subsequent Events

The Organization has evaluated subsequent events through September 22, 2021, which is the date these financial statements were available to be issued. No subsequent events requiring recognition or disclosure as of June 30, 2021 have been identified.

Note 14 – 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.

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.

MICHAEL J. PAOLINI
CERTIFIED PUBLIC ACCOUNTANT

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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, 2021, 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 September 22, 2021.

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) to determine the 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, Incorporation'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.

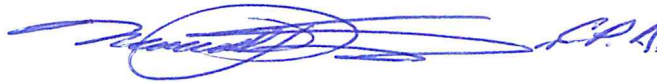
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify 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 determination of financial statement amounts. 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 Diaper Bank of New Haven Connecticut, Incorporated's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink, appearing to be "M. D. P.A.", is written across the page.

Milford, Connecticut
September 22, 2021

**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, 2021. 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 I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my 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, 2021.

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 each 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.

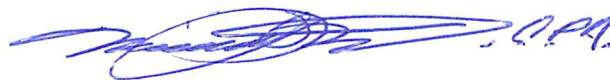
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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, 2021 and have issued my report thereon dated September 22, 2021, 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 blue ink, appearing to be "M. J. ... CPA", is written over a horizontal line.

Milford, Connecticut
September 22, 2021

The Diaper Bank of Connecticut, Incorporated
Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2021

<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>\$336,601</u>
Total Schedule of Expenditures of State Financial Assistance		<u>\$336,601</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, 2021

The accompanying schedule of expenditures of state financial assistance 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, 2021. 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, 2021

I. Summary of Independent Auditor's Results

Financial Statements

Unmodified report dated September 22, 2021.

Internal control over financial reporting:

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

State Financial Assistance

Internal control over major programs:

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

Unmodified report issued on compliance for major programs dated December 15, 2021.

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 No

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

State Grantor and Program	State Core-CT Number	Expenditures
Department of Social Services:		
Temporary Assistance for Needy Families	19DSS6003JO	<u>\$336,601</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, 2021

II. Financial Statement Findings

- I issued my report dated September 22, 2021 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, 2021.