

THE DIAPER BANK OF CONNECTICUT, INCORPORATED
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

The Diaper Bank of Connecticut, Incorporated
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Years Ended June 30, 2022 and 2021

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MICHAEL J. PAOLINI
CERTIFIED PUBLIC ACCOUNTANT

174 CHERRY STREET
MILFORD, CONNECTICUT 06460
(203) 876-0445 • FAX (203) 874-7498

-INDEPENDENT AUDITOR'S REPORTS-

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

Reports on the Audit of the Financial Statements

Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Diaper Bank of Connecticut, Incorporated as of June 30, 2022 and 2021 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audits in accordance with auditing standards generally accepted in the United States of America (GAAS). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my reports. I am required to be independent of The Diaper Bank of Connecticut, Incorporated and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Diaper Bank of Connecticut, Incorporated's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, I:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures to the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Diaper Bank of Connecticut, Incorporated's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Diaper Bank of Connecticut, Incorporated's ability to continue as a going concern for a reasonable period of time.

Supplementary Information

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, as required by the State Single Audit Act, is presented for purposes of additional analysis 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 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 schedule of expenditures of state financial assistance is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated November 15, 2022, on my consideration of The Diaper Bank of Connecticut, Incorporated's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Diaper Bank of Connecticut, Incorporated's 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.

I am required to communicate with those charged with governance regarding, among other matters; the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

A handwritten signature in blue ink, appearing to be "S. J. [unclear]", is written over the text of the paragraph.

Milford, Connecticut
November 15, 2022

The Diaper Bank of Connecticut, Incorporated
Statements of Financial Position
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$512,966	\$287,886
Grants Receivable, Less Allowance for Doubtful Accounts of \$-0- as of June 30, 2022 and \$-0- as of June 30, 2021	1,611,386	32,300
Inventories	639,360	465,068
Prepaid Expenses	<u>66,498</u>	<u>4,352</u>
Total Current Assets	\$2,830,210	\$789,606
Property and Equipment		
Furniture and Equipment	39,299	39,299
Less: Accumulated Depreciation	<u>13,865</u>	<u>7,203</u>
Net Property and Equipment	<u>25,434</u>	<u>32,096</u>
Total Assets	<u>\$2,855,644</u>	<u>\$821,702</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities		
Accounts Payable	\$17,180	\$37,711
Deferred Revenue	<u>1,841,179</u>	<u>117,500</u>
Total Current Liabilities	\$1,858,359	\$155,211
NET ASSETS		
Without Donor Restrictions	<u>997,285</u>	<u>666,491</u>
Total Net Assets	<u>997,285</u>	<u>666,491</u>
Total Liabilities and Net Assets	<u>\$2,855,644</u>	<u>\$821,702</u>

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

The Diaper Bank of Connecticut, Incorporated
Statements of Activities
Years Ended June 30, 2022 and 2021

		<u>Year Ended</u> <u>June 30, 2022</u>		<u>Year Ended</u> <u>June 30, 2021</u>
	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>	<u>Total</u>
Changes in Net Assets:				
Grants – Governmental	\$ ---	\$1,022,561	\$1,022,561	\$336,601
Grants – Public and Private	72,805	---	72,805	304,904
Dues	2,795	---	2,795	43,385
Contributions	989,641	---	989,641	451,495
Fundraising	51,699	---	51,699	52,885
Restrictions Satisfied by Payments	<u>1,022,561</u>	<u>-1,022,561</u>	---	---
 Total Revenues and Gains	 <u>2,139,501</u>	 ---	 <u>2,139,501</u>	 <u>1,189,270</u>
Expenses and Losses:				
Program Services	1,605,571	---	1,605,571	1,053,699
Management and General	145,928	---	145,928	121,396
Fundraising Events	<u>57,208</u>	---	<u>57,208</u>	<u>44,730</u>
 Total Expenses and Losses	 <u>1,808,707</u>	 ---	 <u>1,808,707</u>	 <u>1,219,825</u>
 Change in Net Assets	 330,794	 ---	 330,794	 -30,555
 Net Assets, Beginning of Year	 <u>666,491</u>	 ---	 <u>666,491</u>	 <u>697,046</u>
 Net Assets, End of Year	 <u>\$997,285</u>	 <u>\$---</u>	 <u>\$997,285</u>	 <u>\$666,491</u>

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

The Diaper Bank of Connecticut, Incorporated
Statements of Functional Expenses
Years Ended June 30, 2022 and 2021

	<u>Program</u> <u>Services</u>	<u>Management</u> <u>and General</u>	<u>Fundraising</u>	<u>Year Ended</u> <u>June 30, 2022</u>	<u>Year Ended</u> <u>June 30, 2021</u>
				<u>Totals</u>	<u>Totals</u>
Diapers Distributed	\$855,540	---	---	\$855,540	\$371,780
Salaries	364,269	\$97,138	\$24,285	485,692	356,487
Grant Refunded	---	---	---	---	185,880
Payroll Taxes	43,044	11,478	2,870	57,392	41,119
Payroll Services	358	95	24	477	615
Health Insurance	9,213	2,457	614	12,284	6,986
Marketing and Promotions	---	---	21,623	21,623	14,212
Fundraising	---	---	1,605	1,605	6,299
Dues and Subscriptions	2,850	758	190	3,798	2,837
Professional Fees	62,083	16,555	4,139	82,777	43,636
Insurance	4,687	1,250	313	6,250	4,518
Professional Development	855	228	57	1,140	553
Communications	4,687	1,250	313	6,250	9,055
Office Supplies	8,565	2,284	571	11,420	12,309
Merchant Fees	4,072	1,086	271	5,429	4,246
Computer Supplies and Software	11,908	3,969	---	15,877	5,074
Occupancy	205,501	6,048	---	211,549	93,000
Warehouse and Delivery	22,942	---	---	22,942	59,200
Depreciation	4,997	1,332	333	6,662	1,729
Travel and Meetings	---	---	---	---	<u>290</u>
Totals	<u>\$1,605,571</u>	<u>\$145,928</u>	<u>\$57,208</u>	<u>\$1,808,707</u>	<u>\$1,219,825</u>

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

The Diaper Bank of Connecticut, Incorporated
Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Cash Flows From Operating Activities:		
Increase(Decrease) in Net Assets Without Donor Restrictions	\$330,794	(\$30,555)
Adjustments to Reconcile Increase in Net Assets Without Donor Restrictions to Net Cash Provided By/ (Used In) Operating Activities:		
Depreciation	6,662	1,729
(Increase) Decrease in Grants Receivable	(1,579,086)	342,801
(Increase) Decrease in Inventories	(174,292)	(91,592)
(Increase) Decrease in Prepaid Expenses	(62,146)	(2,272)
Increase (Decrease) in Accounts Payable	(20,531)	25,351
Increase (Decrease) in Deferred Revenue	<u>1,723,679</u>	<u>(291,601)</u>
Net Cash Provided By (Used In) Operating Activities	\$225,080	(\$46,139)
Cash Flows from Investing Activities		
Purchase of Furniture and Equipment	---	<u>(27,436)</u>
Net Cash Provided By (Used In) Investing Activities	---	<u>(27,436)</u>
Net Increase(Decrease) in Cash and Cash Equivalents	225,080	(73,575)
Cash and Cash Equivalents, Beginning of Year	<u>287,886</u>	<u>361,461</u>
Cash and Cash Equivalents, End of Year	<u>\$512,966</u>	<u>\$287,886</u>

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

The Diaper Bank of Connecticut, Incorporated
Notes to the Financial Statements
Years Ended June 30, 2022 and 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 “basic 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.

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.

-See Independent Auditor’s Reports-

The Diaper Bank of Connecticut, Incorporated
Notes to the Financial Statements
Years Ended June 30, 2022 and 2021

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, 2022 and 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 Reports-

The Diaper Bank of Connecticut, Incorporated
Notes to the Financial Statements
Years Ended June 30, 2022 and 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, 2022 and June 30, 2021, cash and cash equivalents total \$512,966 and \$287,886, respectively.

-See Independent Auditor's Reports-

The Diaper Bank of Connecticut, Incorporated
Notes to the Financial Statements
Years Ended June 30, 2022 and 2021

Note 4 – Grants and Deferred Revenue

In 2019 the Organization was awarded a grant totaling \$90,000. The amount of \$30,000 was recorded as revenue in the year ended June 30, 2021 and \$30,000 in the year ended June 30, 2022. As of June 30, 2021 and June 30, 2022, \$42,500 and \$12,500, 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. As of June 30, 2022, the amount of \$37,500 was recorded as revenue. As of June 30, 2021 and June 30, 2022, \$75,000 and \$37,500, respectively, were recorded as 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 as of June 30, 2021.

In November, 2021 the Organization was awarded a grant totaling \$1,400,000 for the fiscal years ended June, 30, 2022 and June 30, 2023. As of June 30, 2022, the amount of \$698,301 was recorded as revenue. As of June 30, 2022, \$700,000 was recorded as deferred revenue.

In January, 2022 the Organization was awarded a grant totaling \$915,440. As of June 30, 2022, the amount of \$274,632 was recorded as revenue. As of June 30, 2022, \$640,808 was recorded as deferred revenue.

In February, 2022 the Organization was awarded a grant totaling \$500,000. As of June 30, 2022, the amount of \$49,629 was recognized as grant revenue. The amount of \$450,371 was recorded as deferred revenue as of June 30, 2022.

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 \$639,360 and \$465,068 as of June 30, 2022 and June 30, 2021, respectively.

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, 2022 and June 30, 2021.

-See Independent Auditor's Reports-

The Diaper Bank of Connecticut, Incorporated
Notes to the Financial Statements
Years Ended June 30, 2022 and 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, 2022 and June 30, 2021, cash held in excess of federally insured limits was \$189,597 and \$-0-, respectively.

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, 2022 and June 30, 2021 are as follows:

	<u>Balance,</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance,</u> <u>June 30, 2022</u>	<u>Balance,</u> <u>June 30, 2021</u>
Furniture and Equipment	<u>\$39,299</u>	<u>\$---</u>	<u>---</u>	<u>\$39,299</u>	<u>\$39,299</u>
Totals	<u>\$39,299</u>	<u>\$---</u>	<u>\$---</u>	<u>\$39,299</u>	<u>\$39,299</u>
Less: Accumulated Depreciation for					
Furniture and Equipment	<u>7,203</u>	<u>6,662</u>	<u>—</u>	<u>13,865</u>	<u>7,203</u>
Totals	<u>\$7,203</u>	<u>\$6,662</u>	<u>\$ -</u>	<u>\$13,865</u>	<u>\$7,203</u>
Total Property and Equipment, Net of Accumulated Depreciation	<u>\$32,096</u>			<u>\$25,434</u>	<u>\$32,096</u>

Depreciation expense for the years ended June 30, 2022 and June 30, 2021 is \$6,662 and \$1,729, respectively.

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 \$465,050 and \$206,159 for the years ended June 30, 2022 and June 30, 2021, respectively.

-See Independent Auditor's Reports-

The Diaper Bank of Connecticut, Incorporated
Notes to the Financial Statements
Years Ended June 30, 2022 and 2021

Note 10 - Related Party Transactions and Commitments

The Organization leases office and warehouse space. The lease is on a month to month basis for \$3,000 per month. Rent expense totaled \$36,000 in the years ended June 30, 2022 and June 30, 2021, respectively.

As of January 1, 2016 the Organization entered into a lease for additional space. The lease is on a month to month basis for \$3,000 per month, per space. Rent expense was \$36,000 for the years ended June 30, 2022 and June 30, 2021, respectively.

In December, 2020 the Organization entered into a lease for additional warehouse space. The lease is on a month to month basis for \$3,000 per month. Rent expense was \$36,000 and \$21,000 for the years ended June 30, 2022 and June 30, 2021, respectively.

In July, 2021 the Organization entered into a lease for additional warehouse space. The lease is on a month to month basis for \$1,568 per month. Rent expense was \$18,810 for the year ended June 30, 2022.

In July, 2021 the Organization entered into a lease for additional warehouse space. The lease is on a month to month basis for \$1,496 per month. Rent expense was \$17,995 for the year ended June 30, 2022.

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 \$-0- for the year ended June 30, 2022 and \$15,567 for the year ended June 30, 2021, respectively.

In January, 2020 the Organization entered into an agreement for inventory delivery 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 \$6,050 for the year ended June 30, 2022 and \$-0- for the year ended June 30, 2021, respectively.

In July, 2021 the Organization entered into an agreement for information technology services. Professional fees totaled \$3,550 for the year ended June 30, 2022.

Note 11 – 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 Reports-

The Diaper Bank of Connecticut, Incorporated
Notes to the Financial Statements
Years Ended June 30, 2022 and 2021

Note 12 – Liquidity and Availability of Financial Assets

The following reflects the Organization’s financial assets as of June 30, 2022 reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of June 30, 2022 and June 30, 2021.

	<u>2022</u>	<u>2021</u>
Financial Assets as of June 30th	\$2,124,352	\$320,186
Less those unavailable for general expenditures within one year due to restrictions	<u>91,544</u>	---
Financial Assets Available to Meet Cash Needs for General Expenditure Within One Year	<u>\$2,032,808</u>	<u>\$320,186</u>

Note 13 – Subsequent Events

The Organization has evaluated subsequent events through November 15, 2022 and September 24, 2021, which are the dates these financial statements were available to be issued. No subsequent events requiring recognition or disclosure as of June 30, 2022 and 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.

-See Independent Auditor’s Reports-

MICHAEL J. PAOLINI
CERTIFIED PUBLIC ACCOUNTANT

174 CHERRY STREET
MILFORD, CONNECTICUT 06460
(203) 876-0445 • FAX (203) 874-7498

**INDEPENDENT AUDITOR'S 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
WEAKNESS, 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, 2022 and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 15, 2022

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, 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, 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 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 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 we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As a part of obtaining reasonable assurance about whether The Diaper Bank of Connecticut, Incorporated's financial statements are free from 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 Diaper Bank of Connecticut, Incorporated'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 Connecticut, Incorporated's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Milford, Connecticut
November 15, 2022

MICHAEL J. PAOLINI
CERTIFIED PUBLIC ACCOUNTANT

174 CHERRY STREET
MILFORD, CONNECTICUT 06460
(203) 876-0445 • FAX (203) 874-7498

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF
EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED BY THE STATE SINGLE AUDIT ACT**

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

I have audited The Diaper Bank of Connecticut, Incorporated's compliance with the types of compliance requirements identified as subject to audit in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of The Diaper Bank of Connecticut, Incorporated's major state programs for the year ended June 30, 2022. The Diaper Bank of Connecticut, Incorporated's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In my opinion, The Diaper Bank of Connecticut, Incorporated complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2022.

Basis for Opinion on Each Major State Program

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). My responsibilities under those standards and the State Single Audit Act are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

I am required to be independent of The Diaper Bank of Connecticut, Incorporated and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major state program. My audit does not provide a legal determination of The Diaper Bank of Connecticut, Incorporated's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to The Diaper Bank of Connecticut, Incorporated's state programs.

Auditors' Responsibilities for the Audit of Compliance

My objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on The Diaper Bank of Connecticut, Incorporated's compliance based on my audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, internal omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about The Diaper Bank of Connecticut, Incorporated's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit Act, I:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding The Diaper Bank of Connecticut, Incorporated's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- obtain an understanding of The Diaper Bank of Connecticut, Incorporated's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 The Diaper Bank of Connecticut, Incorporated's internal control over compliance. Accordingly, no such opinion is expressed.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during my audit I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

My audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of my 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 years ended June 30, 2022 and 2021, and have issued my report thereon dated November 15, 2022, which contained an unmodified opinion on those financial statements. My audit was performed 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 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 schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.



Milford, Connecticut
November 15, 2022

The Diaper Bank of Connecticut, Incorporated
Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2022

<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	\$698,301
Office of Early Childhood		
Family Support Services	22OECHVS01DBC	274,632
Department of Housing		
Small Cities/Community Development	SC2110102C	<u>49,629</u>
Total Schedule of Expenditures of State Financial Assistance		<u>\$1,022,562</u>

The Diaper Bank of Connecticut, Incorporated
Notes to the Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2022

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, 2022. 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 of America 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.

Basis of Accounting

The expenditures reported on the Schedule of Expenditures of State Financial Assistance 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, 2022

I. Summary of Independent Auditor's Results

Financial Statements

Unmodified report dated November 15, 2022.

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 Diaper Bank of Connecticut, Incorporated
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

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

State Grantor and Program	State Core-CT Number	<u>Expenditures</u>
Department of Social Services:		
Temporary Assistance for Needy Families	19DSS6003JO	\$698,301
Office of Early Childhood		
Family Support Services	22OECHVS01DBC	274,632
Department of Housing		
Small Cities/Community Development	SC2110102C	<u>49,629</u>
Total		<u>\$1,022,562</u>
Dollar threshold used to distinguish between type A and type B programs		<u>\$100,000</u>

II. Financial Statement Findings

- I issued my report dated November 15, 2022 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, 2022.

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