

NEW HAVEN DIAPER BANK, INCORPORATED

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2013 AND 2012

Draft

New Haven Diaper Bank, Incorporated
Years Ended December 31, 2013 and 2012
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INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying statement of financial position of New Haven Diaper Bank, Incorporated (a nonprofit organization) as of December 31, 2013, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit. The prior year summarized comparative information has been derived from New Haven Diaper Bank, Incorporated's 2012 financial statements and, in my report dated August 8, 2013, I expressed an unqualified opinion on those financial statements.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Haven Diaper Bank, Incorporated as of December 31, 2013 and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Milford, Connecticut
May 21, 2014

New Haven Diaper Bank, Incorporated
Statements of Financial Position
Years Ended December 31, 2013 and 2011

	<u>2013</u>	<u>2012</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$83,149	\$114,770
Grants and Other Receivable, Less Allowance for Doubtful Accounts of -0-	41,976	21,440
Inventory	131,599	46,725
Prepaid Expenses	<u>6,667</u>	<u>8,822</u>
Total Current Assets	\$263,391	\$191,757
Property and Equipment		
Furniture and Fixtures	1,840	1,840
Less: Accumulated Depreciation	<u>1,600</u>	<u>1,337</u>
Net Property and Equipment	<u>240</u>	<u>503</u>
Total Assets	<u>\$263,631</u>	<u>\$192,260</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities		
Accounts Payable	\$10,233	\$40,668
Deferred Revenue	<u>37,500</u>	<u>16,665</u>
Total Current Liabilities	\$47,733	\$57,333
NET ASSETS		
Unrestricted Net Assets	<u>215,898</u>	<u>134,927</u>
Total Net Assets	<u>215,898</u>	<u>134,927</u>
Total Liabilities and Net Assets	<u>\$263,631</u>	<u>\$192,260</u>

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

New Haven Diaper Bank, Incorporated
Statements of Activities
Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Public Support and Revenue:		
Grants	\$112,762	\$78,044
Dues	13,100	---
Contributions	461,647	287,160
Fundraising	<u>91,696</u>	<u>115,121</u>
Total Public Support and Revenue	\$679,205	\$480,325
Expenditures:		
Program Services	528,682	503,180
Management and General	34,957	43,729
Fundraising	<u>34,595</u>	<u>33,296</u>
Total Expenditures	<u>598,234</u>	<u>580,205</u>
Increase(Decrease) in Unrestricted Net Assets	80,971	(99,880)
Net Assets, Beginning of the Periods	<u>134,927</u>	<u>234,807</u>
Net Assets, End of the Periods	<u>\$215,898</u>	<u>\$134,927</u>

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

New Haven Diaper Bank, Incorporated
Statements of Functional Expenses
Years Ended December 31, 2013 and 2012

	<u>Program</u> <u>Services</u>	<u>Management</u> <u>and General</u>	<u>Fundraising</u>	<u>2013</u> <u>Totals</u>	<u>2012</u> <u>Totals</u>
Diapers Distributed	\$345,076	---	---	\$345,076	\$306,133
Salaries	78,439	\$20,686	\$5,217	104,342	129,016
Fringe Benefits	9,325	2,487	622	12,434	20,722
Payroll Services	1,027	274	68	1,369	1,321
Marketing and Promotions	---	---	15,507	15,507	13,597
Agency Fees	13,333	---	---	13,333	---
Professional Fees	6,632	2,210	---	8,842	10,684
Insurance - General	5,585	745	1,117	7,447	8,150
Communications	2,421	323	484	3,228	4,683
Office Supplies	9,528	1,270	1,905	12,703	6,606
Computer Supplies and Software	1,135	378	---	1,513	335
Occupancy Expenses	48,175	6,423	9,635	64,233	62,380
Outside Services	---	---	---	---	8,400
Warehouse and Delivery	7,405	---	---	7,405	6,797
Travel	404	135	---	539	1,118
Depreciation	<u>197</u>	<u>26</u>	<u>40</u>	<u>263</u>	<u>263</u>
	<u>\$528,682</u>	<u>\$34,957</u>	<u>\$34,595</u>	<u>\$598,234</u>	<u>\$580,205</u>

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

New Haven Diaper Bank, Incorporated
Statement of Cash Flows
Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities:		
Increase (Decrease) in Unrestricted Net Assets	\$80,971	(\$99,880)
Adjustments to Reconcile Increase (Decrease) in Unrestricted Net Assets to Net Cash Provided By/ (Used In) Operating Activities:		
Depreciation	263	263
(Increase) Decrease in Grants and Other Receivables	(20,536)	43,560
(Increase) Decrease in Inventory	(84,874)	40,465
(Increase) Decrease in Prepaid Expenses	2,155	(4,279)
Increase (Decrease) in Accounts Payable	(30,435)	(2,903)
Increase (Decrease) in Deferred Revenue	<u>20,835</u>	<u>(45,002)</u>
Net Cash Provided By (Used In) Operating Activities	<u>(31,621)</u>	<u>(67,776)</u>
Net Decrease in Cash and Cash Equivalents	(31,621)	(67,776)
Cash and Cash Equivalents, Beginning of Periods	<u>114,770</u>	<u>182,546</u>
Cash and Cash Equivalents, End of Periods	<u>\$83,149</u>	<u>\$114,770</u>

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

New Haven Diaper Bank, Incorporated
Notes to the Financial Statements
December 31, 2013 and December 31, 2012

Note 1 – Organization and Nature of Activities

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

Basis of Accounting

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

Financial Statement Presentation

The Organization adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. In addition, the Organization is required to present a statement of cash flows. As permitted by the statement, the Organization does not use fund 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.

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.

New Haven Diaper Bank, Incorporated
Notes to the Financial Statements
December 31, 2013 and December 31, 2012

Income Tax Status (continued)

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 no recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions as of December 31, 2013.

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 2009.

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

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the revenue is recognized.

Functional Allocation of Expenses

The costs of providing the programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

-See Auditor's Report-

New Haven Diaper Bank, Incorporated
Notes to the Financial Statements
December 31, 2013 and December 31, 2012

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. 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 December 31, 2013 and December 31, 2012, the cash and cash equivalents are \$83,149 and \$114,770, respectively.

Note 4 – Grants and Contracts/Deferred Revenue

In 2013 the Organization was awarded a \$75,000 grant. An amount of \$37,500 was recognized as revenue in 2013 and \$37,500 is recognized as deferred revenue as of December 31, 2013 from this grant award.

Note 5 – Property and Equipment

The Organization's policy is to capitalize fixed assets additions costing \$1,000 or greater. Depreciation expense for both years ended December 31, 2013 and December 31, 2012 is \$263 and \$263, respectively.

Note 6 - Inventory

Inventory consists primarily of diapers. Inventories are stated at the lower of cost or market.

As of December 31, 2013 the value of inventory is \$131,599 and as of December 31, 2012 the value of inventory is \$45,725.

-See Auditor's Report-

New Haven Diaper Bank, Incorporated
Notes to the Financial Statements
December 31, 2013 and December 31, 2012

Note 7 - Related Party Transactions

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 \$42,480 and \$21,753, respectively, as an in-kind contribution and corresponding rent and utilities expense for the year ended December 31, 2013 and \$41,101 and \$20,718 as an in-kind contribution and corresponding rent and utilities expense for the year ended December 31, 2012.

The Organization also has entered into an agreement with a related party for support services and inventory as detailed in Note 9.

Note 8 - Donated Inventory and Services

The Organization receives a significant amount of in-kind donations from unpaid volunteers and corporations. The in-kind donations have been recognized in the statement of activities because the criteria for recognition under Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made" has been satisfied. Under SFAS No. 116, the Organization is to recognize contributions received as revenues in the period they are received at their fair market values.

As of December 31, 2013 and 2012 the value of in-kind donations received was \$409,860 and \$161,020, respectively.

Note 9 - Commitments and Related Party Transactions

The Organization entered into an agreement with a related party for support services and inventory. The agreement is through April, 2015, and is cancelable by either party with quarterly payments at \$5,000 through April 30, 2014 and quarterly payments of \$7,500 through April 30, 2015. Support services totaled \$13,333 for the year ended December 31, 2013.

The future minimum annual payments are as follows:

<u>Year</u>	<u>Amount</u>
2014	\$26,667
2015	<u>10,000</u>
Total	<u>\$36,667</u>

-See Auditor's Report-

New Haven Diaper Bank, Incorporated
Notes to the Financial Statements
December 31, 2013 and December 31, 2012

Note 10 - Subsequent Events

Management has made an evaluation and concluded that there have been no subsequent events from December 31, 2013 through May 21, 2014, the date on which the financial statements were available to be issued.

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