

*Audited Financial Statements*

***Brain Injury Alliance of Connecticut, Inc.***

*Years ended June 30, 2018 and 2017  
with Independent Auditors' Report*

Brain Injury Alliance of Connecticut, Inc.

Years ended June 30, 2018 and 2017

Contents

Independent Auditors' Report .....	1
Statements of Financial Position .....	3
Statements of Activities and Changes in Net Assets .....	4
Statement of Functional Expenses - Year Ended June 30, 2018 .....	5
Statement of Functional Expenses - Year Ended June 30, 2017 .....	6
Statements of Cash Flows .....	7
Notes to Financial Statements .....	8



## Independent Auditors' Report

To the Board of Directors of  
Brain Injury Alliance of Connecticut, Inc.

We have audited the accompanying financial statements of Brain Injury Alliance of Connecticut, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years 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**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Independent Auditors' Report (continued)

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brain Injury Alliance of Connecticut, Inc. as of June 30, 2018 and 2017, and the statements of activities and changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Fiondella, Milone & LaSaracina LLP*

Glastonbury, Connecticut  
September 12, 2018

Brain Injury Alliance of Connecticut, Inc.  
 Statements of Financial Position  
 June 30, 2018 and 2017

<b>Assets</b>	<b>2018</b>	<b>2017</b>
Current assets:		
Cash	\$ 278,283	\$ 380,607
Contributions receivable	9,977	20,579
Prepaid expenses	8,500	8,773
Security deposits	4,449	4,449
Total current assets	301,209	414,408
 Property and equipment, net	 12,127	 18,768
 Total assets	 \$ 313,336	 \$ 433,176
 <b>Liabilities and net assets</b>		
Current liabilities:		
Accounts payable	\$ 435	\$ 1,468
Accrued personnel expenses	13,358	20,453
Deferred revenue	614	2,006
Total current liabilities	14,407	23,927
 Total liabilities	 14,407	 23,927
 Net assets		
Unrestricted	298,929	409,249
 Total liabilities and net assets	 \$ 313,336	 \$ 433,176

*See accompanying notes*

Brain Injury Alliance of Connecticut, Inc.  
 Statements of Activities and Changes in Net Assets  
 Years Ended June 30, 2018 and 2017

	2018	2017
<b>Unrestricted public support and other revenues:</b>		
Special events	\$ 134,922	\$ 152,468
Less: direct costs	(20,887)	(25,573)
Total special events, net	114,035	126,895
Government grants	147,900	310,803
Foundation grants	20,949	14,200
Contributions	11,318	23,830
United Way funding	15,506	14,846
Professional workshops	51,794	59,387
Memberships	7,280	9,250
Memorials	5,581	6,421
Interest income	426	597
Gain on sale of property and equipment	-	100
Net assets released from restriction	-	8,274
Total public support and other revenues	374,789	574,603
<b>Expenses:</b>		
Program services	421,916	470,501
Supporting services:		
Fundraising	29,511	35,367
Management and general	33,682	36,230
Total supporting services	63,193	71,597
Total expenses	485,109	542,098
<b>Change in unrestricted net assets</b>	(110,320)	32,505
<b>Temporarily restricted net assets:</b>		
Net assets released from restrictions	-	(8,274)
<b>Change in temporarily net assets</b>	-	(8,274)
<b>Total change in net assets</b>	(110,320)	24,231
<b>Net assets - beginning of year</b>	409,249	385,018
<b>Net assets - end of year</b>	\$ 298,929	\$ 409,249

*See accompanying notes*

Brain Injury Alliance of Connecticut, Inc.  
Statement of Functional Expenses  
Year Ended June 30, 2018

	<b>Brain Injury Services</b>	<b>Community Education and Outreach</b>	<b>Legislative Advocacy</b>	<b>Social Events</b>	<b>Support Groups</b>	<b>Total Programs</b>	<b>Fundraising</b>	<b>Management and General</b>	<b>Total Expenses</b>
Salaries	\$ 89,549	\$ 152,936	\$ 1,024	\$ 1,299	\$ 1,499	\$ 246,307	\$ 13,614	\$ 22,346	\$ 282,267
Payroll taxes	8,349	13,957	76	109	116	22,607	1,526	2,001	26,134
Fringe benefits	9,935	16,151	52	499	99	26,736	3,422	2,065	32,223
Total payroll and related expenses	107,833	183,044	1,152	1,907	1,714	295,650	18,562	26,412	340,624
Professional fees	4,405	7,023	11	352	96	11,887	1,567	857	14,311
Office expense and supplies	2,184	4,848	82	184	21	7,319	637	499	8,455
Telephone	1,259	2,087	8	114	20	3,488	413	282	4,183
Postage and shipping	787	1,131	6	75	24	2,023	300	173	2,496
Insurance	2,328	3,860	15	203	35	6,441	756	524	7,721
Printing and publications	968	1,568	-	114	22	2,672	355	213	3,240
Subscriptions and fees	1,386	2,455	15	148	21	4,025	461	331	4,817
Conferences, meetings and training	8,425	15,651	3	1	-	24,080	9	7	24,096
Public awareness	-	-	8,100	-	-	8,100	-	-	8,100
Payment to affiliate	596	1,084	11	42	14	1,747	220	133	2,100
Travel	12	449	11	-	-	472	1	1	474
Rent expense	16,928	29,034	106	1,650	231	47,949	5,245	3,823	57,017
Bad Debt Expenses	260	416	-	-	-	676	110	48	834
Total expenses before depreciation and amortization	147,111	252,234	9,520	4,790	2,198	416,529	28,636	33,303	478,468
Depreciation and amortization	2,073	3,314	-	-	-	5,387	875	379	6,641
Total expenses	\$ 149,184	\$ 255,548	\$ 9,520	\$ 4,790	\$ 2,198	\$ 421,916	\$ 29,511	\$ 33,682	\$ 485,109

See accompanying notes

Brain Injury Alliance of Connecticut, Inc.  
Statement of Functional Expenses  
Year Ended June 30, 2017

	Brain Injury Services	Community Education and Outreach	Legislative Advocacy	Social Events	Support Groups	Total Programs	Fundraising	Management and General	Total Expenses
Salaries	\$ 105,867	\$ 163,008	\$ 3,024	\$ 1,552	\$ 4,898	\$ 278,349	\$ 17,898	\$ 24,584	\$ 320,831
Payroll taxes	8,784	13,507	230	165	396	23,082	1,721	2,011	26,814
Fringe benefits	11,952	17,919	172	811	469	31,323	4,201	2,214	37,738
Total payroll and related expenses	126,603	194,434	3,426	2,528	5,763	332,754	23,820	28,809	385,383
Professional fees	4,891	6,869	25	109	321	\$ 12,215	925	1,011	14,151
Office expense and supplies	2,537	3,955	67	181	67	6,807	827	438	8,072
Telephone	1,447	2,062	22	93	57	3,681	427	281	4,389
Postage and shipping	947	1,210	6	15	47	2,225	225	208	2,658
Insurance	2,401	3,436	39	148	101	6,125	714	460	7,299
Printing and publications	1,170	1,559	1	48	40	2,818	346	209	3,373
Subscriptions and fees	1,622	2,390	25	111	53	4,201	557	318	5,076
Conferences, meetings and training	1,715	29,501	151	134	51	31,552	584	626	32,762
Public awareness	-	143	11,744	-	-	11,887	-	-	11,887
Payment to affiliate	1,389	1,919	26	56	85	3,475	270	255	4,000
Travel	175	2,678	25	6	169	3,053	238	4	3,295
Rent expense	16,571	23,629	257	1,072	654	42,183	4,894	3,217	50,294
Total expenses before depreciation and amortization	161,468	273,785	15,814	4,501	7,408	462,976	33,827	35,836	532,639
Depreciation and amortization	2,680	4,554	-	221	70	7,525	1,540	394	9,459
Total expenses	\$ 164,148	\$ 278,339	\$ 15,814	\$ 4,722	\$ 7,478	\$ 470,501	\$ 35,367	\$ 36,230	\$ 542,098

See accompanying notes



Brain Injury Alliance of Connecticut, Inc.  
 Statements of Cash Flows  
 Years Ended June 30, 2018 and 2017

	2018	2017
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (110,320)	\$ 32,505
Adjustments to reconcile the change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	6,641	9,459
Gain on sale of property and equipment	-	(100)
Changes in assets and liabilities:		
Contributions receivable	10,602	(5,299)
Prepaid expenses	273	330
Accounts payable	(1,033)	(45)
Accrued personnel expenses	(7,095)	2,137
Deferred revenue	(1,392)	(13,496)
Net cash (used in) provided by operating activities	(102,324)	25,491
<b>Cash flows from investing activities:</b>		
Proceeds provided from the sale of property and equipment	-	100
Net change in cash	(102,324)	25,591
<b>Cash - beginning of year</b>	<b>380,607</b>	<b>363,290</b>
<b>Cash - end of year</b>	<b>\$ 278,283</b>	<b>\$ 388,881</b>

*See accompanying notes*

# Brain Injury Alliance of Connecticut, Inc.

## Notes to Financial Statements

### **1. Description of Organization and Nature of Activities**

The Brain Injury Alliance of Connecticut, Inc. (the Organization) is an independent nonprofit organization dedicated to supporting individuals with brain injuries, their families, and caregivers while increasing awareness of brain injury and its prevention.

Founded in 1981 by the families of brain-injury survivors and the social services professionals assisting them, the Organization's original mission was to advocate for specific rehabilitative services and improved care. After incorporating in 1982, that mission was expanded to include prevention.

As a resource in recovery, brain injury specialists work to ensure that survivors and their families are connected to the appropriate services and professionals. The Organization also works to facilitate both independent living and meaningful inclusion at home, at school, and at work.

### **2. Liquidity**

The Organization receives a significant portion of its funding from the State of Connecticut Department of Social Services (DSS). The Organization's DSS contract was significantly reduced for the year ending June 30, 2018. A DSS contract for the fiscal year ending June 30, 2019 has been finalized for funding of \$175,000. For the years ending June 30, 2018 and 2017, the Organization received 39% and 55% of its revenue from the State.

The Organization believes its cash on hand and available under its line of credit agreement at June 30, 2018 (see Note 5), the funds it will receive during fiscal year 2019 from State and non-State sources, combined with its efforts to reduce costs will be sufficient to fund operations into fiscal year 2020.

### **3. Summary of Significant Accounting Policies**

#### **Basis of Accounting and Presentation**

The financial statements of the Organization are prepared using the accrual basis of accounting in accordance with Generally Accepted Accounting Principles in the United States of America (GAAP).

## Brain Injury Alliance of Connecticut, Inc.

### Notes to Financial Statements (continued)

#### 3. Summary of Significant Accounting Policies (continued)

##### Basis of Accounting and Presentation (continued)

The Organization reports information regarding its financial position and activities, consistent with Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*, according to the following three classes of net assets:

***Unrestricted net assets*** - Unrestricted net assets represent available resources other than temporarily or permanently restricted net assets.

***Temporarily restricted net assets*** - Temporarily restricted net assets represent net assets that are subject to donor-imposed stipulations that are met either by the passage of time or by actions of the Organization. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. During the year-end June 30, 2017 funds were expended on the Education and Outreach programs to schools in the Manchester, East Hartford, Vernon/Rockville, and Windham/Willimantic areas and for Special Events including the Annual Valentine's Dance. There are no remaining temporarily restricted net assets at June 30, 2018 or 2017.

***Permanently restricted net assets*** - Permanently restricted net assets represent net assets that are subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Organization. There are no permanently restricted net assets at June 30, 2018 or 2017.

Revenues are reported as increases in unrestricted net assets, unless the use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Donor-imposed contributions, whose restrictions are met in the same reporting period, are reported as unrestricted support in the statements of activities.

##### Use of Estimates

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

##### Cash

For purposes of the statement of cash flows, the Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. There were no cash equivalents at June 30, 2018 or 2017.

## Brain Injury Alliance of Connecticut, Inc.

### Notes to Financial Statements (continued)

#### **3. Summary of Significant Accounting Policies (continued)**

##### **Contributions Receivable**

Contributions receivable represent unconditional promises to give. The Organization estimates any allowance for bad debts based upon an analysis of specific donors taking into consideration the age of past due amounts and an assessment of the donor's ability to pay. As of June 30, 2018 and 2017, there was no allowance for doubtful accounts.

##### **Property and Equipment**

Property and equipment are recorded at cost or, if donated, at the approximate fair market value as of the date of donation, and are depreciated over the estimated useful lives of the assets. The Organization capitalizes expenditures for property and equipment in excess of \$2,000. Depreciation of property and equipment is calculated using the straight-line method over estimated useful life of five years, beginning on the date assets are placed in service.

##### **Capitalized Website Development Costs**

Costs related to the development of the Organization's website are capitalized or expensed in accordance with the ASC 350-50, *Website Development Costs*. When the website is ready for its intended use, the capitalized costs are amortized over their estimated useful lives. Amortization of capitalized website development costs that have been placed in service are computed using the straight-line balance method and a three year estimated useful life. At June 30, 2018 and 2017, there was \$9,990 in capitalized website development costs that are fully amortized as of June 30, 2017. The Organization recorded amortization expense related to capital website development costs of \$2,818 for the year ended June 30, 2017.

##### **Donated Assets and Materials**

Donated assets and materials are reported as unrestricted support revenue unless the donor has restricted the donated asset to a specific purpose. Assets and materials donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as temporarily restricted support revenue. The Organization did not receive any donated assets and materials for the years ended June 30, 2018 and 2017, respectively.

##### **Contributed Services**

The Organization recognizes contributed services if they create or enhance nonfinancial assets or require specialized skills and would typically be purchased if not provided by donation. There were no contributed services that were required to be recorded for the years ended June 30, 2018 and 2017, respectively.

## Brain Injury Alliance of Connecticut, Inc.

### Notes to Financial Statements (continued)

#### **3. Summary of Significant Accounting Policies (continued)**

##### **Revenue Recognition**

###### *Special Events Revenues*

The Organization holds various fundraising events during the year. The major fundraising events held include a golf tournament, walk events and bike events. Net special event revenue for the years ending June 30, 2018 and 2017 was \$114,035 and \$126,895, respectively.

###### *Government Grants*

Grants received from Federal, State and Local governments is recognized to the extent that the specific performance objectives have been achieved. Any amounts received, but not yet earned on unexpired grants, are reported as deferred revenue until such time as the related service is performed. Receivables are established to the extent that grant costs have been incurred and not reimbursed by the grantor. All grant revenue is for specific purposes and is subject to review and audit by grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under the terms of the grant or noncompliance. Management believes no such request for reimbursement will occur.

###### *Contributions, Memberships and Memorials*

The Organization recognizes contributions, memberships and memorials on the date the individual gift or promise to give is made by the third party.

###### *Professional Workshops*

The Organization receives contributions for presenting professional workshops to Companies and individuals. The contributions are recognized at the completion of each professional workshop presentation.

##### **Deferred Revenue**

Deferred revenue is recorded when grant funds are received in advance of the eligible costs being incurred, or when funds for special events are received in advance of the special event taking place. The total deferred revenue at June 30, 2018 and 2017 was \$614 and \$2,006, respectively.

##### **Functional Allocation of Expenses**

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

## Brain Injury Alliance of Connecticut, Inc.

### Notes to Financial Statements (continued)

#### 3. Summary of Significant Accounting Policies (continued)

##### New Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 requires a not-for-profit entity to 1) present two classes of net assets at the end of the period, rather than for the currently required three classes, 2) present the amount of the change in each of the two classes of net assets rather than that of the currently required three classes, 3) no longer require the presentation or disclosure of the indirect method (reconciliation) if using the direct method, 4) provide various enhanced disclosures, 5) report investment return net of external and direct internal investment expenses and no longer require disclosure of those netted expenses and 6) use, in the absence of explicit donor stipulations, the placed-in-service approach for reporting expirations of restrictions on gifts of cash or other assets to be used to acquire or construct a long-lived asset and reclassify any amounts from net assets with donor restrictions to net assets without donor restrictions for such long-lived assets that have been placed in service as of the beginning of the period of adoption. ASU 2016-14 is effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Early application is permitted, and the amendments should be applied on a retrospective basis. The Organization is currently in the process of assessing the impact that the adoption of ASU 2016-14 will have on its financial statements.

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Made and Contributions Received*. ASU 2018-08 provides clarification on the process of evaluating whether transaction should be accounted for as a contribution (nonreciprocal transaction) or as an exchange (reciprocal) transaction. Contributions will be recognized in accordance with ASU 2018-08, while exchange transactions will follow the ASU 2014-09, *Revenue from Contracts with Customers* guidance. In addition the guidance defines the process of determining whether contribution is conditional. ASU 2018-08 is effective for annual financial statements issued for fiscal years beginning after December 15, 2018, and for interim periods within fiscal years beginning after December 15, 2019. Early application is permitted, and should only be applied to the revenues that have not yet been recognized before the effective date in accordance with the guidance. The Organization is currently in the process of assessing the impact that the adoption of ASU 2018-08 will have on its financial statements.

## Brain Injury Alliance of Connecticut, Inc.

### Notes to Financial Statements (continued)

#### 4. Property and Equipment

A summary of property and equipment as of June 30 is presented below:

	<u>2018</u>	<u>2017</u>
Office Equipment Asset	\$ 104,885	\$ 104,885
Less accumulated depreciation	(92,758)	(86,117)
Net property and equipment	<u>\$ 12,127</u>	<u>\$ 18,768</u>

Depreciation expense was \$6,641 for both years ended June 30, 2018 and 2017.

#### 5. Line of Credit

The Organization has a \$60,000 line of credit from the Greater Hartford Business Development Center, Inc., which expires on March 30, 2019. Interest is charged at the rate of 4% per annum. Loan advances are subject to certain terms and conditions as contained in the loan agreement. There was no outstanding balance as of June 30, 2018 and 2017.

#### 6. Operating Lease

The Organization leases office space from an unrelated third party. On June 26, 2018, the Organization amended the lease by reducing the square footage of the premises, reducing the monthly base rent, and modifying the current term through June 2021. Rent expense, which includes the Organization's pro-rated share of the building's property taxes and operating expenses, for the years ended June 30, 2018 and 2017 was \$57,017 and \$50,294, respectively. Future minimum lease payments under the lease for the years ending June 30, are as follows:

2019	\$ 28,489
2020	29,408
2021	30,327

#### 7. Employee Benefit Plan

The Organization maintains a defined contribution plan under IRS Code Section 403(B). The Organization makes matching contributions of up to 7.5% and 2.0% of an employee's salary deferral to the plan for the Executive Director and participating employees, respectively. Contributions of \$8,878 and \$8,405 were made by the Organization for the years ended June 30, 2018 and 2017, respectively, in addition to the elective deferrals made by employees.

## Brain Injury Alliance of Connecticut, Inc.

### Notes to Financial Statements (continued)

#### **8. Income Taxes**

The Organization has received an exemption from the Internal Revenue Service (IRS) from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is required to make the appropriate tax payments on any income considered unrelated to its exempt purpose.

Management of the Organization evaluates all significant tax positions required by accounting principles generally accepted in the United States of America. At June 30, 2018 and 2017, management does not believe that it has taken any tax position that would require the recording of any additional tax liability nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next twelve months.

The Organization's income tax returns are subject to examination by the appropriate taxing jurisdictions. The Organization is no longer subject to income tax examinations for years prior to June 30, 2015.

#### **9. Concentrations**

##### *Credit Risk*

The Organization maintains its cash in financial institution accounts that, at times during the year, may exceed federally insured limits. The interest bearing cash balances in the financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000, and non-interest bearing accounts have unlimited coverage. At June 30, 2018 and 2017, the cash balances held by the Organization did not exceed the FDIC limit.

##### *Sources of Revenue*

A substantial portion of the Organization's public support and other revenues is derived from contributions received from the State of Connecticut. The Organization received approximately 39% and 55% of its support from State of Connecticut Department of Social Services (DSS) for the years ended June 30, 2018 and 2017, respectively. The Organization also received approximately 30% and 22% of net support from special events for the years ended June 30, 2018 and 2017, respectively. Any significant reduction in the support received from these revenue streams could have a material adverse effect on the Organization.

#### **10. Subsequent Events**

The Organization has evaluated events occurring between June 30, 2018 and September 12, 2018 the date the financial statements were available to be issued.