

Audited Financial Statements

Brain Injury Alliance of Connecticut, Inc.

*Years ended June 30, 2019 and 2018
with Independent Auditors' Report*

Brain Injury Alliance of Connecticut, Inc.

Years ended June 30, 2019 and 2018

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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, 2019 and 2018, 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.

Auditors' 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, 2019 and 2018, 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
November 19, 2019

Brain Injury Alliance of Connecticut, Inc.
 Statements of Financial Position
 June 30, 2019 and 2018

Assets	2019	2018
Current assets:		
Cash	\$ 326,745	\$ 278,283
Contributions receivable	1,040	9,977
Prepaid expenses	10,271	8,500
Total current assets	<u>338,056</u>	296,760
Property and equipment, net	5,486	12,127
Security deposits	4,449	4,449
	<u>9,935</u>	16,576
Total assets	<u><u>\$ 347,991</u></u>	<u><u>\$ 313,336</u></u>
Liabilities and net assets		
Current liabilities:		
Accounts payable	\$ 1,552	\$ 435
Accrued payroll and related expenses	20,361	13,358
Deferred revenue	6,396	614
Total current liabilities	<u>28,309</u>	14,407
Total liabilities	<u>28,309</u>	14,407
Net assets		
Without donor restrictions	309,682	298,929
With donor restrictions	10,000	-
	<u>319,682</u>	298,929
Total liabilities and net assets	<u><u>\$ 347,991</u></u>	<u><u>\$ 313,336</u></u>

See accompanying notes

Brain Injury Alliance of Connecticut, Inc.
Statements of Activities and Changes in Net Assets
Years Ended June 30, 2019 and 2018

	Without Donor Restrictions	With Donor Restrictions	2019	2018
Public support and other revenues:				
Special events	\$ 188,222	\$ -	\$ 188,222	\$ 134,922
Less: direct costs	(39,603)	-	(39,603)	(20,887)
Total special events, net	148,619	-	148,619	114,035
Government grants	174,718	-	174,718	147,900
Foundation grants	16,950	10,000	26,950	20,949
Contributions	28,942	-	28,942	11,318
United Way funding	10,817	-	10,817	15,506
Professional workshops	57,914	-	57,914	51,794
Memberships	14,180	-	14,180	7,280
Memorials	5,874	-	5,874	5,581
Interest income	350	-	350	426
Net assets released from restriction	-	-	-	-
Total public support and other revenues	458,364	10,000	468,364	374,789
Expenses:				
Program services	389,058	-	389,058	421,916
Supporting services:				
Fundraising	26,658	-	26,658	29,511
Management and general	31,895	-	31,895	33,682
Total supporting services	58,553	-	58,553	63,193
Total expenses	447,611	-	447,611	485,109
Change in net assets	10,753	10,000	20,753	(110,320)
Net assets - beginning of year	298,929	-	298,929	409,249
Net assets - end of year	\$ 309,682	\$ 10,000	\$ 319,682	\$ 298,929

See accompanying notes

Brain Injury Alliance of Connecticut, Inc.
Statement of Functional Expenses
Year Ended June 30, 2019

	Brain Injury Services	Community Education and Outreach	Legislative Advocacy	Social Events	Support Groups	Total Programs	Fundraising	Management and General	Total Expenses
Salaries	\$ 101,234	\$ 140,092	\$ 2,221	\$ 580	\$ 953	\$ 245,080	\$ 14,876	\$ 21,660	\$ 281,616
Payroll taxes	9,836	13,088	189	67	96	23,276	1,818	2,053	27,147
Fringe benefits	12,878	15,822	113	393	154	29,360	2,854	2,352	34,566
Total payroll and related expenses	123,948	169,002	2,523	1,040	1,203	297,716	19,548	26,065	343,329
Professional fees	5,661	6,310	27	247	64	\$ 12,309	1,332	1,054	14,695
Office expense and supplies	3,190	3,703	202	6	38	7,139	403	460	8,002
Telephone	1,506	1,868	22	45	16	3,457	341	286	4,084
Postage and shipping	810	1,324	11	73	6	2,224	255	185	2,664
Insurance	2,866	3,572	43	88	30	6,599	650	546	7,795
Printing and publications	1,053	1,161	-	18	13	2,245	242	176	2,663
Subscriptions and fees	1,740	2,373	39	72	17	4,241	438	345	5,024
Conferences, meetings and training	756	14,291	9	65	-	15,121	340	223	15,684
Public awareness	-	-	6,500	-	-	6,500	-	-	6,500
Payment to affiliate	496	825	105	-	7	1,433	70	97	1,600
Travel	23	502	-	64	-	589	220	39	848
Rent expense	10,217	12,972	156	294	114	23,753	2,329	2,000	28,082
Total expenses before depreciation and amortization	152,266	217,903	9,637	2,012	1,508	383,326	26,168	31,476	440,970
Depreciation and amortization	2,536	3,159	-	-	37	5,732	490	419	6,641
Total expenses	\$ 154,802	\$ 221,062	\$ 9,637	\$ 2,012	\$ 1,545	\$ 389,058	\$ 26,658	\$ 31,895	\$ 447,611

See accompanying notes

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

	Brain Injury Services	Community Education and Outreach	Legislative Advocacy	Social Events	Support Groups	Total Programs	Fundraising	Management and General	Total Expenses
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.
 Statements of Cash Flows
 Years Ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 20,753	\$ (110,320)
Adjustments to reconcile the change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	6,641	6,641
Changes in assets and liabilities:		
Contributions receivable	8,937	10,602
Prepaid expenses	(1,771)	273
Accounts payable	1,117	(1,033)
Accrued payroll and related expenses	7,003	(7,095)
Deferred revenue	5,782	(1,392)
Net cash provided by (used in) operating activities	48,462	(102,324)
Net change in cash	48,462	(102,324)
Cash - beginning of year	278,283	380,607
Cash - end of year	\$ 326,745	\$ 278,283

See accompanying notes

Brain Injury Alliance of Connecticut, Inc.
Notes to Financial Statements

June 30, 2019 and 2018

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. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America. The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. They are described as follows:

Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions. These funds are available for general operating purposes and/or to use at the discretion of the Board of Directors. From time to time the Board may designate a portion of these net assets for specific purposes which makes them unavailable for general use by Management. There were no Board designated funds at June 30, 2019 and 2018.

With Donor Restrictions - Net assets whose use is limited by donor-imposed, time and/or purpose restrictions. Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provision of additional donor imposed stipulations or a board approved spending policy. At June 30, 2019 and 2018, there are \$10,000 and \$0 of donor restricted net assets, whose use is restricted for new programming beginning in the year ending June 30, 2020.

Brain Injury Alliance of Connecticut, Inc.

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Recently Adopted Accounting Pronouncement

The Organization has adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Not-For-Profit Entities* (Topic 958), *Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance and cash flows. The main provisions of this guidance include the presentation of two classes of net assets rather than three, and enhancement of disclosures regarding board designations, appropriations, and certain qualitative information.

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, 2019 and 2018.

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, 2019 and 2018, 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.

Brain Injury Alliance of Connecticut, Inc.

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Deferred Revenue

Deferred revenue is recorded when grant and membership 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.

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, 2019 and 2018 was \$148,619 and \$114,035, 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. Revenues are reported as increases in net assets without donor restrictions, unless the use of the related asset is limited by donor-imposed restrictions. Donor-imposed contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions in the statements of activities.

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.

Brain Injury Alliance of Connecticut, Inc.

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (Continued)

Donated Assets and Materials

Donated assets and materials are reported as contribution revenue. 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 restricted contribution revenue. The Organization received donated assets and materials for the years ended June 30, 2019 and 2018, of \$1,135 and \$0, 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, 2019 and 2018, 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.

New Accounting Pronouncements

In June 2018, the FASB issued 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)

3. Property and Equipment

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

	2019	2018
Office Equipment Asset	\$ 51,656	\$ 104,885
Less accumulated depreciation	(46,170)	(92,758)
Net property and equipment	<u>\$ 5,486</u>	<u>\$ 12,127</u>

Depreciation expense was \$6,641 for both years ended June 30, 2019 and 2018.

4. 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, 2020. 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, 2019 and 2018.

5. Operating Lease

The Organization entered into a lease agreement to rent office space from an unrelated third party 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, 2019 and 2018 was \$28,082 and \$57,017, respectively.

Future minimum lease payments under the lease for the years ending June 30, are as follows:

2020	\$ 29,408
2021	30,327
	<u>\$ 59,736</u>

6. 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 were made by the Organization for both years ended June 30, 2019 and 2018, in addition to the elective deferrals made by employees.

Brain Injury Alliance of Connecticut, Inc.

Notes to Financial Statements (continued)

7. 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, 2019 and 2018, 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, 2016.

8. Concentrations and Contingencies

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, 2019 and 2018, 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 37% and 39% of its support from State of Connecticut Department of Social Services (DSS) for the years ended June 30, 2019 and 2018, respectively. The Organization also received approximately 32% and 30% of net support from special events for the years ended June 30, 2019 and 2018, respectively. Any significant reduction in the support received from these revenue streams could have a material adverse effect on the Organization.

Contingencies

The Organization has entered into a three year agreement, terminating June 30, 2021 for certain services in the amount of \$9,500 per year.

Brain Injury Alliance of Connecticut, Inc.

Notes to Financial Statements (continued)

9. Information About Liquidity

The operations and programs of the Organization are primarily funded through contributions, grants and special events. The revenues allow the Organization to provide mission-related services while maintaining a positive working capital position.

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. For the years ending June 30, 2019 and 2018, the Organization received 37% and 39% of its revenue from the State. A new DSS contract has been approved for the period of July 1, 2019 to June 30, 2022 for a total of \$528,552, and the amount designated for the year ending June 30, 2020 is \$176,184.

The Organization believes its cash on hand and available under its line of credit agreement at June 30, 2019 (see Note 4), the funds it will receive during fiscal year 2020 from State and non-State sources, combined with its efforts to reduce costs will be sufficient to fund operations into fiscal year 2021. In addition, the Organization will be implementing a new fee-for-service program in October 2019 which will further reduce the dependence on state funding.

10. Availability of Financial Assets

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

	<u>2019</u>
Financial assets:	
Cash	\$ 326,745
Contribution receivable	<u>1,040</u>
	<u>327,785</u>
Less:	
Amounts unavailable for management:	
Funds subject to donor restrictions	<u>10,000</u>
Total financial assets available within one year	<u>\$ 317,785</u>

11. Subsequent Events

The Organization has evaluated events occurring between June 30, 2019 and November 19, 2019 the date the financial statements were available to be issued. The Organization has developed a new fee-for-service program, Brain Injury Navigator which will start taking clients in early 2020. The new service will provide customized, in-depth and personal direction from an expert in brain injury. The Organization conducted a campaign to raise start-up capital for the new service and raised \$70,350 towards that effort by October 2019.