

**NATIONAL DIAPER BANK NETWORK, INC.**  
**Financial Statements**  
**June 30, 2022 and 2021**  
**With Independent Auditor's Report**

**National Diaper Bank Network, Inc.**  
**Table of Contents**

---

<b>Independent Auditor's Report</b>	1-2
<b>Financial Statements</b>	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-16

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,  
National Diaper Bank Network, Inc.:

### Opinion

We have audited the financial statements of National Diaper Bank Network, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of National Diaper Bank Network, Inc. as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of National Diaper Bank Network, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Other Matters – Scope of Audit and Summarized Comparative Information

The financial statements of the Organization as of and for the year ended June 30, 2021 were audited by other auditors, whose report dated December 16, 2021, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 National Diaper Bank Network, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 our opinion. 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 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment 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 in 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 National Diaper Bank Network, Inc.'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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about National Diaper Bank Network, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are 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 we identified during the audit.

*Withum Smith + Brown, PC*

November 8, 2022

**National Diaper Bank Network, Inc.**  
**Statements of Financial Position**  
**June 30, 2022**  
**(with Comparative amounts as of June 30, 2021)**

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
Cash	\$ 3,448,775	\$ 2,685,549
Accounts receivable, net of allowance of \$8,858 and \$8,858, respectively	154,715	77,534
Prepaid expenses	<u>38,443</u>	<u>30,745</u>
Total current assets	3,641,933	2,793,828
Property and equipment, net	<u>67,093</u>	<u>8,038</u>
Total assets	<u>\$ 3,709,026</u>	<u>\$ 2,801,866</u>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	\$ 577,324	\$ 330,690
Accrued payroll and other liabilities	59,515	69,559
Deferred revenue	<u>176,446</u>	<u>98,405</u>
Total liabilities	<u>813,285</u>	<u>498,654</u>
Net assets		
Without donor restrictions	2,616,850	1,914,059
With donor restrictions	<u>278,891</u>	<u>389,153</u>
Total net assets	<u>2,895,741</u>	<u>2,303,212</u>
Total liabilities and net assets	<u>\$ 3,709,026</u>	<u>\$ 2,801,866</u>

The Notes to Financial Statements are an integral part of these statements.

**National Diaper Bank Network, Inc.**  
**Statements of Activities**  
**Year Ended June 30, 2022**  
**(with Comparative Totals for the year ended June 30, 2021)**

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>Revenue</b>				
Contributions and grants	\$ 1,797,969	\$ 226,923	\$ 2,024,892	\$ 1,874,856
Bulk purchasing program	5,079,518	-	5,079,518	4,867,207
In-kind support	5,320,103	-	5,320,103	4,239,686
Member dues	60,544	-	60,544	54,031
Member administration fee	404,330	-	404,330	273,700
Interest	3,820	-	3,820	570
Other	63,376	-	63,376	15,481
Net assets released from restrictions	337,185	(337,185)	-	-
Total revenue and other support	13,066,845	(110,262)	12,956,583	11,325,531
<b>Expenses</b>				
Program services	11,747,256	-	11,747,256	10,103,317
Supporting services				
Management and general	293,138	-	293,138	289,086
Fundraising	323,660	-	323,660	281,741
Total supporting services	616,798	-	616,798	570,827
Total expenses	12,364,054	-	12,364,054	10,674,144
<b>Change in net assets</b>	702,791	(110,262)	592,529	651,387
<b>Net assets</b>				
Beginning of year	1,914,059	389,153	2,303,212	1,651,825
End of year	\$ 2,616,850	\$ 278,891	\$ 2,895,741	\$ 2,303,212

The Notes to Financial Statements are an integral part of these statements.

**National Diaper Bank Network, Inc.**  
**Statements of Functional Expenses**  
**Year Ended June 30, 2022**  
**(with Comparative Totals for the year ended June 30, 2021)**

	2022							2021	
	Program Services				Supporting Services			Total Expenses	
	Network Assistance	Alliance for Period Supplies	Awareness Services	Other Programs	Total Program	Management and General	Fundraising		
Operating expenses									
Cost of bulk purchasing program	\$ 4,703,230	\$ -	\$ -	\$ -	\$ 4,703,230	\$ -	\$ -	\$ 4,703,230	\$ 4,613,006
In-kind expenses	4,943,928	376,175	-	-	5,320,103	-	-	5,320,103	4,239,686
Salaries and wages	239,097	164,241	327,842	277,721	1,008,901	185,085	218,110	1,412,096	1,090,470
Grants to others	189,307	50,000	-	109,619	348,926	-	-	348,926	373,645
Professional fees	39,894	3,304	113,900	87,215	244,313	57,654	44,584	346,551	186,606
Operational expenses	-	10,152	18,038	59,958	88,148	19,743	56,688	164,579	116,327
Occupancy	4,561	3,138	6,224	4,513	18,436	7,375	4,178	29,989	27,601
Travel and conferences	1,829	1,331	7,239	2,722	13,121	9,126	100	22,347	12,998
Insurance	-	-	2,078	-	2,078	10,685	-	12,763	10,335
Depreciation and amortization	-	-	-	-	-	3,470	-	3,470	3,470
<b>Total expenses</b>	<b>\$ 10,121,846</b>	<b>\$ 608,341</b>	<b>\$ 475,321</b>	<b>\$ 541,748</b>	<b>\$ 11,747,256</b>	<b>\$ 293,138</b>	<b>\$ 323,660</b>	<b>\$ 12,364,054</b>	<b>\$ 10,674,144</b>

The Notes to Financial Statements are an integral part of these statements.

**National Diaper Bank Network, Inc.**  
**Statements of Cash Flows**  
**Year Ended June 30, 2022**  
**(with Comparative Totals for the year ended June 30, 2021)**

	<u>2022</u>	<u>2021</u>
<b>Operating activities</b>		
Change in net assets	\$ 592,529	\$ 651,387
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	3,470	3,470
Changes in operating assets and liabilities		
Accounts receivable	(77,181)	56,343
Prepaid expenses	(7,698)	(10,552)
Accounts payable	246,634	272,521
Accrued payroll and other liabilities	(10,044)	(11,068)
Deferred revenue	<u>78,041</u>	<u>(5,020)</u>
Net cash provided by operating activities	<u>825,751</u>	<u>957,081</u>
<b>Investing activities</b>		
Purchases of property and equipment		
net cash provided by operating activities	<u>(62,525)</u>	<u>-</u>
Net cash provided by investing activities	<u>(62,525)</u>	<u>-</u>
Net change in cash	763,226	957,081
<b>Cash</b>		
Beginning of year	<u>2,685,549</u>	<u>1,728,468</u>
End of year	<u>\$ 3,448,775</u>	<u>\$ 2,685,549</u>

The Notes to Financial Statements are an integral part of these statements.



**National Diaper Bank Network, Inc.**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

---

**1. NATURE OF OPERATIONS**

National Diaper Bank Network, Inc. (the "Organization" or "NDBN") is a not-for-profit corporation established under the laws of the State of Connecticut and operates as a human services organization with administrative offices in New Haven, Connecticut. Through awareness, assistance, and community, the Organization is dedicated to helping individuals, children and families access the basic necessities they require to thrive and reach their full potential.

The following is a brief description of the significant program services of NDBN:

*Network Assistance*

NDBN mentors individuals and communities starting sustainable nonprofit programs that distribute diapers, period supplies and/or other material basic necessities to individuals, children, and families. NDBN also helps existing diaper banks and period supply programs do more with available resources. NDBN confers membership to programs that meet operational standards of success. NDBN also provides technical assistance tailored to the needs of member programs. NDBN offers free and fee-based opportunities and support services (e.g., bulk buying programs) to its members. Through its corporate sponsorships, NDBN distributes donated diapers, and other material basic needs goods, to its members. NDBN distributes more than 20 million diapers donated annually by sponsor Huggies. In addition, NDBN administers the over \$100,000 "Funds for Change" grant program, the only national competitive award given exclusively to diaper bank and period supply programs. NDBN also organizes and hosts the annual U.S. Conference on Poverty and Basic Needs to enhance professional development, organizational standards, and peer-to-peer collaboration.

*Alliance for Period Supplies*

An NDBN program has distributed more than 30 million period products (pads and liners) donated by founding sponsor U by Kotex to more than 120 allied programs in the U.S. Programs also receive expert technical assistance as described above. Alliance for Period Supplies hosts the National Summit on Period Poverty Leadership as part of the U.S. Conference on Poverty and Basic Needs, which fosters collaboration and support among people and organizations working to address period poverty, period stigma, and menstrual equity in the United States.

*Bulk Purchasing Program*

As part of NDBN's Network Assistance Program, qualified NDBN and Alliance for Period Supplies member basic needs banks can participate in exclusive purchasing programs created by NDBN and supporting manufacturers. Eligible programs can place monthly, quarterly or annual orders of diapers and/or period supplies through NDBN and Alliance for Period Supplies and receive shipments of diapers and/or period supplies at costs well below wholesale. Basic needs banks can leverage donated dollars to purchase more products at wholesale versus at retail. For example, programs can purchase twice as many diapers, on average, in the sizes most needed in the local community.

*Awareness*

NDBN brings national attention to the issues of diaper need and period poverty by focusing on the impact that a lack of material basic needs has on children and families living in the U.S. Awareness is expanded through the educational outreach to the general public as well as local and national leaders via media and proprietary initiatives. As the recognized center of authority on diaper need in America, NDBN collects, analyzes, and reports relevant data to advance policy/advocacy efforts related to diaper need, child poverty, and the physical, mental and economic well-being of children and families. NDBN advocacy efforts include National Diaper Need Awareness Week and NDBN Lobby Day in D.C. (both annual events).

NDBN helps shape public opinion, foster academic research, and guide state and national policies.

**National Diaper Bank Network, Inc.**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

---

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). As such net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

**Net assets without donor restrictions:** Net assets available for use in general operations and not subject to donor restrictions. Assets restricted solely through the actions of the Board of Directors are referred to as Board designated net assets and are also reported as net assets without donor restrictions. As of June 30, 2022 and 2021 there were \$400,138 and \$367,221, respectively, in net assets without donor restrictions that were subject to Board designations.

**Net assets with donor restrictions:** Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends and/or a purpose restriction is accomplished) in the reporting period in which the revenue is 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 and reported in the statements of activities as net assets released from restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains or losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

**Use of Estimates**

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

Cash and cash equivalents consist primarily of cash on deposit and highly liquid financial instruments that are readily convertible into cash and purchased with original maturities of three months or less.

**Property and Equipment**

The Organization follows the practice of capitalizing all property and equipment with a cost exceeding \$1,500. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of 5 years. Repairs and maintenance are charged to expense as incurred. There are no planned major maintenance activities. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in change in net assets for the period.

**National Diaper Bank Network, Inc.**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

---

Intangible assets of the Organization are included in property and equipment and consist of website and database development costs. These costs enhance the Organization's website and online operations. The Organization capitalizes costs associated with internally developed and/or purchased systems for new products that have reached the application stage and meet recoverability tests. Capitalized costs include external direct costs of materials and services utilized in developing or obtaining the applications and begins when the preliminary project stage is complete and ceases no later than the point at which the project is substantially complete and ready for its intended purpose. These costs are amortized over the anticipated useful life using the straight-line method, beginning in the month the software or website is placed in service over their estimated useful life of three to five years. Other costs, such as maintenance and training, are expensed as incurred.

Carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2022.

**Deferred Revenue**

The Organization receives membership dues in December for the following calendar year. One half of membership revenue for the following fiscal year is deferred until the start of the next fiscal year. Additionally orders that have been paid for, but not filled until the following year are recognized as deferred revenue on the balance sheet. Deferred revenue represents a contract liability on the statement of financial position.

The following table provides information about significant changes in the deferred revenue for the years ended June 30, 2022 and 2021, respectively:

	<u>Bulk Purchasing Program</u>	<u>Membership Dues</u>	<u>Total</u>
As of July 1, 2021	\$ -	\$ 28,625	\$ 103,425
Revenue recognized during the year	-	(30,031)	(30,031)
Increases in deferred revenue	<u>68,374</u>	<u>32,750</u>	<u>101,124</u>
As of June 30, 2021	\$ 68,374	\$ 30,031	\$ 98,405
Revenue recognized during the year	(68,374)	(30,031)	(98,405)
Increases in deferred revenue	<u>143,696</u>	<u>32,750</u>	<u>176,446</u>
As of June 30, 2022	<u>\$ 143,696</u>	<u>\$ 32,750</u>	<u>\$ 176,446</u>

**National Diaper Bank Network, Inc.**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

---

**Revenue Recognition**

*Revenue Accounted for in Accordance with Contribution Accounting*

Contributions are recognized when cash, securities, other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Contributions, including unconditional promises to give, are recognized as revenue in the period received. All contributions are considered to be net assets without donor restrictions unless specifically restricted by the donor. Contributions are reported as with donor restrictions if they are received with donor restrictions that limit the use of the donated assets. Contributions with donor restrictions, whose restrictions are met in the same reporting period, are reported as revenue without donor restrictions. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor-restricted support that increases the net asset class.

Conditional promises to give (that is, those with a measurable performance or other barrier and a right of return) are not recognized until the conditions on which they depend have been substantially met. When collected prior to satisfaction of donor restrictions, amounts are reported as refundable advances. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return or release, are not recognized until the conditions on which they depend have been substantially met. There were no conditional promises to give outstanding as of June 30, 2022.

*Revenue Accounted for as Contracts with Customers*

Revenue is recognized when NDBN satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration NDBN expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, NDBN combines it with other performance obligations until a distinct bundle of goods or services exists. Fees or amounts received in advance of satisfying contractual performance obligations are reflected as unearned income in the statements of financial position. Revenue is recognized either over time or at the point in time that contractual obligations are met. Contracts are entered into with customers for the exchange of diapers, period supplies and/or other material basic necessities. The contracts are short-term in nature and revenue is recognized when delivery and all other performance obligations have been fulfilled.

**Membership Dues**

Membership dues are comprised of an exchange element based on the benefits received and include a bundle of membership benefits that represent the performance obligation. NDBN has concluded the performance obligations related to member benefits are satisfied throughout the membership period, as member benefits are received and consumed simultaneously during the membership period. Such membership dues are recognized ratably over time over the applicable dues period. Membership dues received that are applicable to the following year are included in deferred revenue in the accompanying statement of financial position.

**National Diaper Bank Network, Inc.**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

---

**Bulk purchasing program and administrative fees**

The Organization facilitates purchase of diapers for local/regional diaper banks (See Note 8). The criteria for revenue recognition is met with respect to the sales of diapers and related basic need products when they are shipped to the customer. The delivery of products to customers occurs via drop-shipment by a third-party vendor. The Organization leverages drop-ship arrangements with several vendors to deliver products to customers without having to physically hold inventory. In such arrangements, the Organization negotiates the sale price with the customer, pays the supplier directly for the product shipped, and is ultimately responsible for the acceptability of the product and ensuring that such product meets the standards and requirements of the customer. As a result, the Organization recognizes the sale of the product and the cost of such upon receiving notification from the supplier that the product has shipped. NDBN also earns administrative fees after the product is shipped and the control passes to the member organizations.

**Special Events and Conference**

Special events include the National diaper need awareness week and the NDBN lobby day and the annual conference. Revenues and expenses for these events are recorded in the period the performance obligation is met. Performance obligations are met when the events are held. Amounts collected in advance, if any, are recorded as deferred revenue. Revenues are recorded at a point in time for special events and conferences.

Revenue from all other sources is recognized when earned.

**Contributed Goods and Services**

Donated professional services that require a specialized skillset and which the Organization would have paid for if not donated are recorded as in-kind contributions at the respective fair values of the services received. Donated assets such as contributions of diapers and various supplies are recorded in the financial statements as assets and revenue at their estimated fair market value on the date the assets are contributed. The Organization received in-kind donated goods and services in the amount of \$5,320,103 and \$4,239,686 for the years ended June 30, 2022 and 2021, respectively.

In the following table, revenue is disaggregated by timing of satisfaction of performance obligations for the year ended June 30, 2022:

	<u>2022</u>
<b>Performance obligations satisfied</b>	
Point in time	\$ 5,547,224
Over time	<u>60,544</u>
	<u>5,607,768</u>
 <b>Non-exchange transactions</b>	
Contributions	2,024,892
In-kind support	<u>5,320,103</u>
	<u>7,344,995</u>
 Total revenue	 <u>\$ 12,952,763</u>

**National Diaper Bank Network, Inc.**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

---

**Presentation of Certain Taxes**

The Organization collects various taxes from customers and remits these amounts to applicable taxing authorities. The Organization's accounting policy is to include these taxes in revenues and cost of sales.

**Functional Allocation of Expenses**

The costs of providing the various 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. Occupancy and operational expenses are allocated based on estimate of square footage used in each functional category. Salaries, professional fees, and insurance expense are allocated based on the estimate of employee time spent in each functional category. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied.

**Income Taxes**

The National Diaper Bank Network, Inc. is a not-for-profit organization that is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and comparable state law. Accordingly, no provision for income taxes is made in the financial statements.

**Uncertain Tax Positions**

US GAAP requires management to evaluate tax positions taken by NDBN and recognize a tax liability (or asset) if NDBN has taken an uncertain position that more likely than not would be sustained upon examination by applicable taxing authorities. For the years ended June 30, 2022 and 2021, NDBN has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements. There has been no tax related interest or penalties for the periods presented in these financial statements.

**Advertising Expense**

The Organization expenses advertising as costs are incurred. Total advertising expense was \$8,044 and \$5,963 for the years ended June 30, 2022 and 2021, respectively.

**Accounting Pronouncements Not Yet Adopted**

*Leases*

On February 25, 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, Leases, which will require lessees to recognize a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The standard is effective for nonpublic business entities for fiscal years beginning after December 15, 2021. NDBN is currently in the process of evaluating the impact of the new accounting guidance on its financial statements.

**National Diaper Bank Network, Inc.**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

---

**3. LIQUIDITY AND AVAILABILITY OF RESOURCES**

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the date of the statements of financial position, comprise the following:

	<u>2022</u>
Cash and cash equivalents	\$ 3,448,775
Accounts receivable, net	<u>154,715</u>
Total financial assets available within one year	<u>3,603,490</u>
Less: Amounts unavailable for general expenditures within one year, due to:	
Board-designated funds	(400,138)
Restricted by donors with purpose restrictions	<u>(278,891)</u>
Total amounts unavailable within one year	<u>(679,029)</u>
Total financial assets available within one year after restriction	<u>\$ 2,924,461</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. At June 30, 2022, all net assets with donor restrictions are available for payment of (any major expenditures incurred), except for contributions receivable which are available when the receivable is collected which is expected within the next year and the expenditure is incurred.

**4. PROPERTY AND EQUIPMENT**

At June 30, property and equipment consists of the following:

	<u>2022</u>	<u>2021</u>
Furniture and equipment	\$ 3,185	\$ 3,185
Website and computer equipment	<u>84,819</u>	<u>22,294</u>
	88,004	25,479
Less: Accumulated depreciation and amortization	<u>(20,911)</u>	<u>(17,441)</u>
	<u>\$ 67,093</u>	<u>\$ 8,038</u>

For the years ended June 30, 2022 and 2021, the Organization recognized \$3,470 in depreciation and amortization expense in each year.

**National Diaper Bank Network, Inc.**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

**5. NET ASSETS WITH DONOR RESTRICTIONS**

At June 30, 2022, net assets with donor restrictions consisted of the following purpose restrictions:

	<u>Balance at 6/30/21</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance at 6/30/22</u>
Disaster relief	\$ 361,826	\$ 46,923	\$ (134,858)	\$ 273,891
Economic analysis study	17,327	100,000	(117,327)	-
Random Tuesday	-	30,000	(30,000)	-
Huggies Milwaukee	-	50,000	(50,000)	-
Philadelphia	<u>10,000</u>	<u>-</u>	<u>(5,000)</u>	<u>5,000</u>
	<u>\$ 389,153</u>	<u>\$ 226,923</u>	<u>\$ (337,185)</u>	<u>\$ 278,891</u>

At June 30, 2021, net assets with donor restrictions consisted of the following purpose restrictions:

	<u>Balance at 6/30/20</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance at 6/30/21</u>
Disaster relief	\$ 376,272	\$ 186,607	\$ (201,053)	\$ 361,826
Economic analysis study	74,050	-	(56,723)	17,327
Molina for Ohio	14,336	-	(14,336)	-
Philadelphia	<u>-</u>	<u>200,000</u>	<u>(190,000)</u>	<u>10,000</u>
	<u>\$ 464,658</u>	<u>\$ 386,607</u>	<u>\$ (462,112)</u>	<u>\$ 389,153</u>

**6. OPERATING LEASES – RELATED PARTY**

For the year ended June 30, 2021 the Organization has a lease agreement for office space with Foundry Square, LLC, a related party to the Chief Executive Officer. The lease was extended through October 2025. Rent payments to the related party were \$25,800 for each of the years ended June 30, 2022 and 2021. The payments were based on market studies and were Board approved. The Organization is required to pay certain annual operating costs such as maintenance and insurance. The lease contains restrictions as to the use of the properties, subletting and acceleration clauses based on future criteria.

The future minimum lease payments under all agreements are as follows:

2023	\$ 25,800
2024	25,800
2025	<u>8,600</u>
	<u>\$ 60,200</u>



**National Diaper Bank Network, Inc.**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

---

**7. IN-KIND SUPPORT**

The Organization receives in-kind contributions of diapers, transportation, and various supplies. The in-kind contributions for the year ended June 30, are as follows:

	<u>2022</u>	<u>2021</u>
Diapers	\$ 1,507,506	\$ 1,530,702
Transportation	301,501	306,140
Basic needs supplies	<u>3,511,096</u>	<u>2,402,844</u>
Total in-kind contributions	<u>\$ 5,320,103</u>	<u>\$ 4,239,686</u>

**8. MEMBER ADMINISTRATION FEES AND BULK PURCHASING PROGRAM**

The Organization facilitates the delivery of donated diapers to local/regional diaper banks. The Organization charges an administrative fee to member organizations of approximately \$6,000 per truckload of donated diapers, but the fee fluctuates based on actual product received, shipping time, and distance. For the years ended June 30, 2022 and 2021, \$404,330 and \$273,700 were collected in administrative fees, respectively.

The Organization developed a bulk purchasing program where the Organization facilitates the purchase of diapers for local/regional diaper banks. For the years ended June 30, 2022 and 2021, \$5,079,518 and \$4,867,207 was collected from the banks for the purchase of diapers and other basic needs, respectively. This income was offset by an expense of \$4,703,230 and \$4,613,006 in fiscal years 2022 and 2021, respectively.

**9. RETIREMENT PLAN**

The Organization sponsors a 401(k) profit sharing plan covering all eligible employees. Eligible employees may contribute up to the maximum amounts allowed under the plan document and current Internal Revenue Service regulations. The Organization matched the first 3% of gross wages contributed for the years ended June 30, 2022 and 2021. Matching contributions for the years ended June 30, 2022 and 2021 were \$21,541 and \$23,177, respectively.

**10. RISKS AND UNCERTAINTIES**

*Concentration of Credit Risk:*

NDBN maintains its cash and cash equivalent balances in financial institutions that, from time to time, exceed amounts insured by the either the Federal Deposit Insurance Corporation or the Securities Investor Protection Corporation, up to specified limits held at each financial institution. As of June 30, 2022 and 2021, NDBN had \$618,935 and \$369,693 in excess of insured amounts, respectively. NDBN has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

*Concentration of Suppliers:*

As of June 30, 2022 and 2021, two suppliers represented approximately 100% of accounts payable and purchases.

**National Diaper Bank Network, Inc.**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

---

*Economic Dependency:*

The Organization is subject to risks incidental to the diaper and basic need supplies industry. These include, among others, the risks normally associated with the changes in the general economic climate, trends in the diaper and basic need supplies industry and changes in tax laws.

*COVID-19 Pandemic:*

Management continues to evaluate the impact of the COVID-19 pandemic on the industry and has concluded that while it is reasonably possible that the virus could have a negative effect on the Organization's financial position and changes in net assets, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**11. SUBSEQUENT EVENTS**

NDBN has evaluated subsequent events through November 8, 2022, the date on which the financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2022 that require recognition or disclosure in the financial statements.