

*Audited Financial Statements*

*Fraternal Order of the Umbrella, Inc.*

*Years ended December 31, 2021 and 2020 with  
Independent Auditors' Report*



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Fraternal Order of the Umbrella, Inc.

Audited Financial Statements

Years ended December 31, 2021 and 2020

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## Independent Auditors' Report

To the Board of Directors of  
Fraternal Order of the Umbrella, Inc.  
Stamford, Connecticut

### Opinion

We have audited the accompanying financial statements of Fraternal Order of the Umbrella, Inc. (a nonprofit organization), which comprise the statements of assets and net assets - modified cash basis as of December 31, 2021 and 2020, and the related statements of revenue collected, expenses paid and changes in net assets – modified cash basis, and functional expenses - modified cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, and net assets of Fraternal Order of the Umbrella, Inc. as of December 31, 2021 and 2020, and its support, revenue, and expenses for the years then ended in accordance with the modified cash basis of accounting as described in Note 1.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fraternal Order of the Umbrella, 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.

### Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

## Independent Auditors' Report (continued)

### Auditors' 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 the Organization'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 the Organization'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.

*Fiondella, Milone & LaSaracina LLP*

Glastonbury, Connecticut  
September 23, 2022

Fraternal Order of the Umbrella, Inc.  
Statements of Assets and Net Assets  
Modified Cash Basis  
December 31, 2021 and 2020

	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Cash	\$ <b>59,728</b>	\$     39,785
Investments, at fair value	<b>502,817</b>	447,881
Total assets	<b>\$    562,545</b>	<b>\$    487,666</b>
 <b>Net assets</b>		
Net assets without donor restrictions	<b>\$     562,545</b>	<b>\$     487,666</b>

*See accompanying notes*

Fraternal Order of the Umbrella, Inc.  
Statements of Revenue Collected, Expenses Paid and Changes in Net Assets -  
Modified Cash Basis  
Years ended December 31, 2021 and 2020

	<b>2021</b>	<b>2020</b>
Revenues		
Events, net of direct expense	\$ 322,472	\$ 130,806
Contributions	91,942	80,065
Membership dues	16,355	14,505
Total revenues	<u>430,769</u>	<u>225,376</u>
Expenses		
Program	347,401	200,491
General and administrative	63,425	27,598
Total expenses	<u>410,826</u>	<u>228,089</u>
Change in net assets without donor restrictions before investment income, net	<u>19,943</u>	<u>(2,713)</u>
Net investment income	54,936	33,786
Changes in net assets without donor restrictions	<u>74,879</u>	<u>31,073</u>
Net assets without donor restrictions - beginning of year	<u>487,666</u>	<u>456,593</u>
Net assets without donor restrictions - end of year	<u><u>\$ 562,545</u></u>	<u><u>\$ 487,666</u></u>

*See accompanying notes*

Fraternal Order of the Umbrella, Inc.  
Statements of Functional Expenses  
Modified Cash Basis  
Years Ended December 31, 2021 and 2020

	2021			2020		
	Program	General and Administrative	Total Expenses	Program	General and Administrative	Total Expenses
Donations	\$ 347,401	\$ -	\$ 347,401	\$ 200,491	\$ -	\$ 200,491
Office expenses	-	34,234	34,234	-	12,405	12,405
Strategy meetings	-	18,807	18,807	-	7,604	7,604
Professional fees	-	7,500	7,500	-	7,500	7,500
Marketing	-	2,725	2,725	-	-	-
Bank fees	-	159	159	-	89	89
Total expenses	\$ 347,401	\$ 63,425	\$ 410,826	\$ 200,491	\$ 27,598	\$ 228,089

*See accompanying notes*

Fraternal Order of the Umbrella, Inc.  
Notes to the Financial Statements  
Years ended December 31, 2021 and 2020

**1. Organization and Summary of Significant Accounting Policies**

**Organization**

The Fraternal Order of the Umbrella Club, Inc. (the Umbrella Club or the Organization) was established as a non-profit, 501(c)3 organization dedicated to providing compassion, support and financial assistance to families and children primarily in Fairfield County.

**Basis of Accounting and Presentation**

The accompanying financial statements of the Organization have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles (GAAP). This basis of presentation differs from GAAP in that certain revenues are recognized when received rather than earned and certain expenses are recognized when paid rather than when the obligation is incurred. The primary variances from GAAP include the omission of receivables and accruals. However, similar to financial statements prepared in accordance with GAAP, these financial statements reflect investments at fair value, which includes the recording of unrealized appreciation/(depreciation) on investments. The accompanying financial statements are not intended to present the financial position and results of operations in conformity with GAAP.

**Net Assets**

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 are no Board designated funds at December 31, 2021 and 2020.

*With Donor Restrictions* - Net assets whose use is limited by donor-imposed, time and/or purpose restrictions. At December 31, 2021 and 2020 there were no donor restricted net assets.

**Investments**

Investments, which consist principally of exchange traded funds (ETF), equities and money market funds are measured at fair value on the Statement of Assets and Net Assets. Investment income (including realized and unrealized gains and losses on investments, interest and dividends) is included in the change in net assets without donor restrictions unless restricted by donor or law. Realized gains and losses on sales of securities are recorded at the time of the transaction. Dividends and interest income are recorded when received.



Fraternal Order of the Umbrella, Inc.  
Notes to the Financial Statements (continued)

**1. Organization and Summary of Significant Accounting Policies (continued)**

**Fair Value Measurements**

The Organization classifies its investments in accordance with Financial Accounting Standards Board (FASB) Accounts Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, which defines fair value, establishes a framework for measuring fair value under GAAP and requires certain disclosures about fair value measurements. The definition of fair value under FASB ASC 820 focuses on the price that would be received to sell the asset, which is referred to as the exit price.

**Revenue Recognition**

*Special Events and Fundraising*

Special event and fundraising revenue is recognized as revenue when the event occurs. The Organization typically has three major events each year: a summer reception, golf tournament and raffle. Due to the COVID-19 pandemic only the raffle event took place during the year ended December 31, 2020. There were some contributions received and expenses paid for the canceled summer reception and golf tournament reflected in the statement of revenue collected, expenses paid, and changes in net asset for the year ended December 31, 2020. All three major events took place during the year ended December 31, 2021. The special event revenue is netted with the direct costs of each event. See Note 4 for a summary of the revenues and expenses for the Organization's events.

*Contributions*

Contributions are defined as voluntary, nonreciprocal transfers and are recorded when received. Contributions are recorded as donations with or without restriction depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of revenue collected, expenses paid and changes in net assets as net assets released from restrictions.

Contributions and grants that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires (is satisfied) in the reporting period in which the support is recognized.

**Expense Allocation**

The cost of providing various programs and activities has been summarized on a functional basis in the accompanying statements of expenditures. The donations provided to individuals and families is the only program expenditure.

Fraternal Order of the Umbrella, Inc.  
Notes to the Financial Statements (continued)

**2. Investments**

Investments as of December 31, 2021 are summarized as follows:

	Cost	Fair Value	Unrealized Gain/ (Loss)
Exchange traded funds:			
Equity	\$ 206,991	\$ 307,500	\$ 100,509
Fixed	188,014	186,999	(1,015)
Money market funds	8,318	8,318	-
Total investments	\$ 403,323	\$ 502,817	\$ 99,494

Investments as of December 31, 2020 are summarized as follows:

	Cost	Fair Value	Unrealized Gain/ (Loss)
Exchange traded funds:			
Equity	\$ 217,522	\$ 284,869	\$ 67,347
Fixed	128,981	135,435	6,454
Equities	20,700	20,685	(15)
Money market funds	6,892	6,892	-
Total investments	\$ 374,095	\$ 447,881	\$ 73,786

**3. Fair Value Measurements of Financial Instruments**

ASC 825, *Financial Instruments*, defines fair value, and establishes a three-level valuation hierarchy for disclosures of fair value measurement that enhances disclosure requirements for fair value measures. The three levels of valuation hierarchy are defined as follows:

- Level 1 – Inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.
- Level 2 – Inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Inputs are generally unobservable and typically reflect management’s estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

Fraternal Order of the Umbrella, Inc.  
Notes to the Financial Statements (continued)

**3. Fair Value Measurements of Financial Instruments (continued)**

The Organization's assets that are measured at fair value on a recurring basis as of December 31, 2021 and 2020 consists of exchange traded funds, equities and money market funds, which are classified as Level 1 investments.

The preceding method may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**4. Special Events**

Special events and fundraising are a significant portion of the Organization's revenue. Below is a summary of the revenues and expenses for the Organization's major events for the years ended December 31, 2021 and 2020:

<b>2021</b>			
	<b>Revenue</b>	<b>Expense</b>	<b>Net</b>
Summer reception	\$ 192,395	\$ 78,842	\$ 113,553
Golf tournament	127,745	65,688	62,057
Raffle	201,015	54,153	146,862
Total	<u>\$ 521,155</u>	<u>\$ 198,683</u>	<u>\$ 322,472</u>

  

<b>2020</b>			
	<b>Revenue</b>	<b>Expense</b>	<b>Net</b>
Summer reception	\$ 8,000	\$ 79	\$ 7,921
Golf tournament	1,175	1,885	(710)
Raffle	167,765	44,170	123,595
Total	<u>\$ 176,940</u>	<u>\$ 46,134</u>	<u>\$ 130,806</u>

**5. Donations**

The Organization grants donations based on the Board of Directors' recommendations to various individuals and families that are in need of financial support due to an unexpected event or challenge in their lives. Donations are recorded as expenses when the cash is disbursed.

Fraternal Order of the Umbrella, Inc.  
Notes to the Financial Statements (continued)

**6. Tax Exempt Status**

The Organization is organized as a nonprofit corporation exempt under Section 501(c)3 of the Internal Revenue Code and, as such, is not subject to federal or state corporate income taxes.

Management of the Organizations evaluates all significant tax positions required by accounting principles generally accepted in the United States of America. At December 31, 2021, 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 Organizations tax returns are subject to examination by the appropriate taxing jurisdictions. The Organization is no longer subject to tax examinations for years prior to December 31, 2018.

**7. Concentrations of Credit Risk**

*Cash*

The Organization maintains cash balances at financial institutions located in Connecticut. At various times during the year, cash held at the Organization's banking institutions may exceed the federally insured limits.

*Investments*

The Organization invests in ETF's and money market funds which are measured at fair value. Accordingly, the investment securities can fluctuate because of market factors, interest rates and other risks depending on the nature of the specific investment. Therefore, it is at least reasonably possible that these factors will result in changes in the value of the Organization's investments, which could materially affect amounts reported in the financial statements.

**8. Information about Liquidity and Availability of Financial Assets**

The operations and programs of the Organization are primarily funded through its special events and fundraisers. The Organization has three major events each year: a summer reception, golf tournament and a raffle. Funds from these events support the donations provided to individuals and families of children in need. Investment income assists to cover the operating costs of the Organization. The donations are limited to available cashflows.

Fraternal Order of the Umbrella, Inc.  
Notes to the Financial Statements (continued)

**8. Information about Liquidity and Availability of Financial Assets (continued)**

The Organization's financial assets as of December 31, 2021 and 2020, that are available within one year include cash and investments totaling \$562,545 and \$487,666, respectively. There are no amounts unavailable for general use within one year of the financial position date because of contractual or donor-imposed restrictions or internal designations.

**9. Commitments and Contingencies**

The Organization has future donor commitments to provide \$100,000 over the next year.

In early March 2020, there was a global outbreak of COVID-19 that has resulted in significant changes in the global economy and fluctuations in the market. As a result of COVID-19, in 2020, the Organization canceled two events that are typically held each year. All three of the Organization's major events were held during the year ending December 31, 2021. Management continues to monitor the results of operations to evaluate the economic impact of the pandemic on the Organization.

**10. Subsequent Events**

The Organization has evaluated subsequent events through September 23, 2022, which is the date the financial statements were available to be issued.

On May 4, 2022 the Organization committed \$500,000 over a seven year period to another not-for-profit Organization.