

*Audited Financial Statements*  
*Fraternal Order of the Umbrella, Inc.*  
*Years ended December 31, 2023 and 2022*  
*with Independent Auditors' Report*

Fraternal Order of the Umbrella, Inc.

Audited Financial Statements

Years ended December 31, 2023 and 2022

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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. (the Organization), a not-for-profit, which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years 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 financial position of Fraternal Order of the Umbrella, Inc. as of December 31, 2023 and 2022, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits 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 the Organization 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.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance accounting principles generally accepted in the United States of America, this includes 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 the Organization's ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

## 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 auditors' 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, including omissions, 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  
December 2, 2024

Fraternal Order of the Umbrella, Inc.  
 Statements of Financial Position  
 December 31, 2023 and 2022

	<b>2023</b>		<b>2022</b>
<b>Assets</b>			
Cash	\$ 19,135	\$	43,173
Contributions receivable	12,167		3,890
Investments, at fair value	486,548		424,418
Prepaid expenses	795		2,494
Total assets	\$ 518,645	\$	473,975
 <b>Liabilities and net assets</b>			
Current liabilities			
Accounts payable	\$ 7,083	\$	39,400
Deferred revenue	14,764		1,900
Donations payable, current portion	50,000		50,000
Total current liabilities	71,847		91,300
Donations payable, net of current portion	307,000		378,500
Total liabilities	378,847		469,800
 <b>Net assets</b>			
Net assets without donor restrictions	139,798		4,175
Total liabilities and net assets	\$ 518,645	\$	473,975

*See accompanying notes*

Fraternal Order of the Umbrella, Inc.  
 Statements of Activities  
 Years Ended December 31, 2023 and 2022

	<b>2023</b>	<b>2022</b>
Revenues		
Events, net of direct expense	\$ <b>486,399</b>	\$ 440,841
Contributions	<b>142,345</b>	93,338
Membership dues	<b>15,300</b>	15,750
Other income	-	1,151
Total revenues	<b>644,044</b>	551,080
Expenses		
Program	<b>485,966</b>	971,305
General and administrative	<b>80,984</b>	59,746
Total expenses	<b>566,950</b>	1,031,051
Change in net assets without donor restrictions before investment income (loss), net	<b>77,094</b>	(479,971)
Net investment income (loss)	<b>58,529</b>	(78,399)
Changes in net assets without donor restrictions	<b>135,623</b>	(558,370)
Net assets without donor restrictions - beginning of year	<b>4,175</b>	562,545
Net assets without donor restrictions - end of year	<b>\$ 139,798</b>	\$ 4,175

*See accompanying notes*

Fraternal Order of the Umbrella, Inc.  
 Statements of Functional Expenses  
 Years Ending December 31, 2023 and 2022

2023			
	Program	General and Administrative	Total Expenses
Donations	\$ 485,966	\$ -	\$ 485,966
Office expenses	-	36,597	36,597
Strategy meetings	-	27,151	27,151
Marketing	-	5,298	5,298
Professional fees	-	11,500	11,500
Bank fees	-	438	438
Total expenses	\$ 485,966	\$ 80,984	\$ 566,950
2022			
	Program	General and Administrative	Total Expenses
Donations	\$ 971,305	\$ -	\$ 971,305
Office expenses	-	29,227	29,227
Strategy meetings	-	21,936	21,936
Marketing	-	500	500
Professional fees	-	7,500	7,500
Bank fees	-	583	583
Total expenses	\$ 971,305	\$ 59,746	\$ 1,031,051

*See accompanying notes*

Fraternal Order of the Umbrella, Inc.  
 Statements of Cash Flows  
 Years ended December 31, 2023 and 2022

	2023	2022
<b>Operating Activities</b>		
Changes in net assets:	\$ 135,623	\$ (558,370)
Adjustments to reconcile the changes in net assets to net cash used in operating activities		
Unrealized and realized investment (gains) losses	(42,074)	84,116
Gain from donated stock	(3,601)	-
Changes in operating assets and liabilities		
Contributions	(8,277)	(3,890)
Prepaid expenses	1,699	(2,494)
Accounts payable	(32,317)	39,400
Deferred revenue	12,864	1,900
Donations payable	(71,500)	428,500
Net cash used in operating activities	(7,583)	(10,838)
<b>Investing Activities</b>		
Purchases of investments, net	(16,455)	(5,717)
Net cash used in investing activities	(16,455)	(5,717)
Net change in cash	(24,038)	(16,555)
<b>Cash - beginning of year</b>	43,173	59,728
<b>Cash - end of year</b>	\$ 19,135	\$ 43,173

*See accompanying notes*



Fraternal Order of the Umbrella, Inc.  
Notes to the Financial Statements  
Years ended December 31, 2023 and 2022

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

**Organization**

The Fraternal Order of the Umbrella Club, Inc. (the Club or the Organization) was established as a not-for-profit, 501(c)3 organization dedicated to providing compassion, support and financial assistance to families and children primarily in Fairfield County.

**Basis of Accounting**

The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Club 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, 2023 and 2022.

*With Donor Restrictions* - Net assets whose use is limited by donor-imposed, time and/or purpose restrictions. At December 31, 2023 and 2022, there were no donor restricted net assets.

**Use of Estimates**

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Investments**

Investments, which consist principally of exchange traded funds (ETF), equities and money market funds are measured at fair value in the Statements of Financial Position. 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 values its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities including, for mutual funds, the net asset value of shares held at year end. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: For certain cash and cash equivalents, certificates of deposit, and federal government Club securities, observable inputs, other than Level 1, include prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while 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.

**Contributions Receivables**

Receivables are stated net of an allowance for doubtful accounts when applicable. Allowances for receivables are determined by management based on an assessment of their collectability. Management considers past history, current economic conditions and overall viability of the third party when considering the need for an allowance. Receivables are written off when management determines amounts will not be collected. There was no allowance for doubtful accounts at December 31, 2023 and 2022.

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

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

**Donations Payable**

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. The Organization recognizes conditional donations when the condition or conditions on which they depend are substantially met, when the donation becomes unconditional. The Organization recognizes unconditional donations on the date the unconditional donation is awarded to the recipient.

**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. The special event revenue is netted with the direct costs of each event. See Note 3 for a summary of the revenues and expenses for the Organization's events.

*Contributions*

The Organization reports unconditional promises to give as revenue when the promise is received. A conditional contribution is a transaction where the Organization has to overcome a barrier or hurdle to be entitled to the resource and the right of return of any advanced funding is required. Conditional promises to give are recognized as revenue when the condition is met.

Contributions are defined as voluntary, nonreciprocal transfers. 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 statements of activities 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, 2023, are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain</u>
Exchange traded funds:			
Equity	\$ 268,310	\$ 316,332	\$ 48,022
Fixed	156,383	156,762	379
Money market funds	13,454	13,454	-
Total investments	<u>\$ 438,147</u>	<u>\$ 486,548</u>	<u>\$ 48,401</u>

Investments as of December 31, 2022, are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain/ (Loss)</u>
Exchange traded funds:			
Equity	\$ 213,695	\$ 254,048	\$ 40,353
Fixed	190,940	164,609	(26,331)
Money market funds	5,761	5,761	-
Total investments	<u>\$ 410,396</u>	<u>\$ 424,418</u>	<u>\$ 14,022</u>

The Organization's assets that are measured at fair value on a recurring basis as of December 31, 2023 and 2022, and consist of exchange traded funds, equities and money market funds, which are classified as Level 1 investments.

**3. 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 year ended December 31:

<b>2023:</b>	<u>Revenue</u>	<u>Expense</u>	<u>Net</u>
Summer reception	\$ 303,729	\$ 92,660	\$ 211,069
Golf tournament	224,977	115,859	109,118
Raffle	267,768	101,556	166,212
Total	<u>\$ 796,474</u>	<u>\$ 310,075</u>	<u>\$ 486,399</u>

<b>2022:</b>	<u>Revenue</u>	<u>Expense</u>	<u>Net</u>
Summer reception	\$ 251,738	\$ 82,021	\$ 169,717
Golf tournament	175,407	89,187	86,220
Raffle	256,654	71,750	184,904
Total	<u>\$ 683,799</u>	<u>\$ 242,958</u>	<u>\$ 440,841</u>

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

**4. Donations**

During 2022, the Organization made an unconditional promise to give in the amount of \$500,000 over a ten-year period. As of December 31, 2023 and 2022, donations payable totaled \$307,000 and \$378,200, respectively, net of current portions of \$50,000.

**5. 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, 2023 and 2022, 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, 2021.

**6. 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. The interest-bearing cash balances in the financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

*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.

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

**7. 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.

The Organization's financial assets as of December 31, 2023 and 2022, that are available within one year include cash, contributions receivable, and investments totaling \$517,850 and \$471,481, 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. For the year ended December 31, 2022, the loss of \$558,370 is primarily the result of recording a long-term donation payable of \$500,000.

**8. Subsequent Events**

The Organization has evaluated subsequent events through December 2, 2024, which is the date the financial statements were available to be issued.

Effective October 11, 2024, the Organization changed its name from The Fraternal Order of the Umbrella, Inc. to The Umbrella Club, Inc.