

**SIMPLIFYCT, INC.**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2021**  
**AND**  
**INDEPENDENT AUDITORS' REPORT**

# SIMPLIFYCT, INC.

## TABLE OF CONTENTS

	<u>Page</u>
<b>Independent Auditors' Report</b>	1
<b>Financial Statements</b>	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
SimplifyCT, Inc.

### Opinion

We have audited the accompanying financial statements of SimplifyCT, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, 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 financial statements referred to above present fairly, in all material respects, the financial position of SimplifyCT, Inc. as of December 31, 2021, 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. 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 SimplifyCT, 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.

### 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 SimplifyCT, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

(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 SimplifyCT, 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 SimplifyCT, 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.



November 9, 2022

**SIMPLIFYCT, INC.**

**STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2021**

**ASSETS**

Cash	\$	127,864
Property and equipment, at cost, less accumulated depreciation		15,308
Prepaid expenses and other assets		1,390
	\$	<u>144,562</u>

**LIABILITIES AND NET ASSETS**

**Current liabilities**

Accounts payable and accrued expenses	\$	23,338
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Commitments

**NET ASSETS**

Without donor restrictions		121,224
	\$	<u>144,562</u>

See notes to financial statements.

**SIMPLIFYCT, INC.**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED DECEMBER 31, 2021**

<b>Support and revenues</b>	
Contributions	\$ 338,100
In-kind contributions	31,863
	<u>369,963</u>
<b>Expenses</b>	
Program services	238,961
Management and general	4,834
Fundraising	8,808
	<u>252,603</u>
Change in net assets	117,360
<b>Net assets without donor restrictions, beginning of year</b>	3,864
<b>Net assets without donor restrictions, end of year</b>	<u>\$ 121,224</u>

See notes to financial statements.

**SIMPLIFYCT, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED DECEMBER 31, 2021**

	Program Services	Management and General	Fundraising	Total
Advertising and marketing	\$ 67,939	\$ -	\$ -	\$ 67,939
Bank charges and fees	-	123	-	123
Computer and internet expense	33,531	-	-	33,531
Intake specialists	57,287	-	-	57,287
Project management	40,384	-	-	40,384
Office expense	-	626	-	626
Grant writing	-	-	8,808	8,808
Insurance	1,495	500	-	1,995
Rent and lease	3,400	-	-	3,400
Volunteer reimbursements	-	3,585	-	3,585
Depreciation	3,062	-	-	3,062
In-kind donations	31,863	-	-	31,863
	<u>\$ 238,961</u>	<u>\$ 4,834</u>	<u>\$ 8,808</u>	<u>\$ 252,603</u>

See notes to financial statements.

**SIMPLIFYCT, INC.**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED DECEMBER 31, 2021**

<b>Cash flows from operating activities</b>	
Change in net assets	\$ 117,360
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	3,062
Changes in assets and liabilities	
Prepaid expenses and other assets	(56)
Accounts payable and accrued expenses	23,338
<b>Net cash provided by operating activities</b>	<b>143,704</b>
<b>Cash flows from investing activity</b>	
Purchase of property and equipment	(18,370)
<b>Net increase in cash</b>	<b>125,334</b>
Cash, beginning of year	2,530
<b>Cash, end of year</b>	<b>\$ 127,864</b>

See notes to financial statements.



# SIMPLIFYCT, INC.

## NOTES TO FINANCIAL STATEMENTS

### 1 - ORGANIZATION AND NATURE OF ACTIVITIES

SimplifyCT, Inc. (the “Organization”) is a nonprofit organization, formed June 19, 2020. The primary purpose of the Organization is to provide free tax return and tax advocacy services to low income and at risk populations along with other value added financial services as needed.

The Organization derives all of its revenues from grants and contributions.

### 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 accounting principles generally accepted in the United States of America (“U.S. GAAP”).

The financial statements presentation is in accordance with Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”) 958, “Not-for-Profit Entities”. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: those without donor restrictions and those with donor restrictions. Net assets without donor restrictions are those net assets that are not subject to donor-imposed restrictions. Net assets with donor restrictions are subject to donor stipulations that limit the use of their contributions, which either expire by the passage of time or when used for specified purposes. There were no net assets with donor restrictions at December 31, 2021.

#### **Use of Estimates**

The preparation of financial statements 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 and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

#### **Cash**

Cash balances are held in U.S. financial institutions, which are insured by the Federal Deposit Insurance Corporation subject to certain limitations.

#### **Contributions and Pledges Receivable**

Contributions and pledges receivable are recorded at net realizable value if expected to be collected in one year and, if material, multiyear receivables are recorded at the present value of their estimated future cash flow. Amortization of the discount is included in contribution revenue. The Organization’s allowance for uncollectible pledges is based on management’s estimates of the creditworthiness of its contributors, current economic conditions and historical information. At December 31, 2021, there was no contributions and pledges receivable.

## SIMPLIFYCT, INC.

### NOTES TO FINANCIAL STATEMENTS

#### 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Property and equipment purchased by the Organization are recorded at cost. Donated property used by the Organization is recorded at fair market value on the date contributed. Depreciation is provided by the straight line method over the estimated useful lives of the assets, which range from 3 to 5 years. It is the Organization's policy to capitalize all property and equipment acquisitions.

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

The costs of providing program and supporting services have been summarized on a functional basis in the accompanying statement of functional expenses. Costs have been charged directly to the program and supporting services benefited, and accordingly, no costs have been allocated between program and supporting services.

##### **Revenue Recognition**

Contributions are recognized at fair value as revenue when received or when an unconditional promise to give has been made. Contributions are considered conditional when the underlying agreement includes a performance barrier and a right of return or a right to release promised assets exists. Conditional promises to give are not recognized until the performance barrier and the right of return or release have been overcome.

##### **Contributed Goods**

Contributions of donated noncash assets are recorded at fair value as in-kind contribution revenue and expensed in the period received or when an unconditional promise to give has been made. Contributions of donated services that create or enhance nonfinancial assets, or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded as revenue in the period received or when an unconditional promise to give has been made. For the year ended December 31, 2021, the Organization received \$31,863 of contributed goods for technical case management software.

##### **Advertising and Marketing Costs**

The Organization expenses advertising and marketing costs when incurred. Advertising and marketing expenses of approximately \$68,000 were included in Program Services for the year ended December 31, 2021.

##### **Income Taxes**

The Organization is exempt from Federal and State income taxes under Internal Revenue Code Section 501(c)(3) and similar state provisions and is classified as a publicly supported charitable organization as described in Section 509(a).

**SIMPLIFYCT, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Subsequent Events**

These financial statements were approved by management and available for issuance on November 9, 2022. Management has evaluated subsequent events through this date.

**3 - AVAILABILITY AND LIQUIDITY**

The following represents the Organization's financial assets at December 31, 2021:

Cash	<u>\$ 127,864</u>
Financial assets available for expenditures within one year of the financial statements date	<u>\$ 127,864</u>

As part of the Organization's liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities and other obligations come due. Operating cash balance is monitored so as to not go below three months of the average personnel and operating requirements.

**4 - PROPERTY AND EQUIPMENT**

Property and equipment consists of the following as of December, 31 2021:

Software	\$ 18,370
Less: Accumulated depreciation	<u>(3,062)</u>
	<u>\$ 15,308</u>

**5 - RELATED PARTIES**

The Organization received donations from board members in the amount of \$25,000 for the year ended December 31, 2021.

**6 - CONCENTRATIONS**

The Organization received grants and contributions from two donors totaling approximately 74% and 18% for the year ended December 31, 2021.

**SIMPLIFYCT, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**7 - RISKS AND UNCERTAINTIES**

The spread of a novel strain of coronavirus (“COVID-19”) around the world in 2021, has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the Organization is unable to determine if it will materially impact its future operations.