

STATE OF CONNECTICUT



*AUDITORS' REPORT
CONNECTICUT MENTAL HEALTH CENTER FOUNDATION
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2021*

AUDITORS OF PUBLIC ACCOUNTS
JOHN C. GERAGOSIAN ❖ CLARK J. CHAPIN

Table Of Contents

INDEPENDENT AUDITORS' REPORT	1
STATEMENT OF FINANCIAL POSITION.....	4
STATEMENT OF ACTIVITIES	5
STATEMENT OF FUNCTIONAL EXPENSES	6
STATEMENT OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL.....	13
MANAGEMENT LETTER.....	16
RECOMMENDATIONS.....	20
Status of Prior Audit Recommendations:	20
Current Audit Recommendations:.....	21
ACKNOWLEDGEMENTS	22

STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

State Capitol
210 Capitol Avenue
Hartford, Connecticut 06106-1559

JOHN C. GERAGOSIAN

CLARK J. CHAPIN

June 22, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Connecticut Mental Health Center Foundation:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Connecticut Mental Health Center Foundation (Foundation), 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 calendar 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 the Foundation as of December 31, 2021, and the changes in its net assets and cash flows for the calendar 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) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of 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 Foundation 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 the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 GAAS and *Government 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 and *Government 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 Foundation'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 Foundation's ability to continue as a going concern for a reasonable period of time.

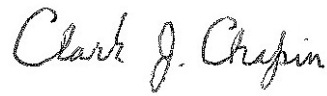
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Other Legal and Regulatory Requirement

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2023, on our consideration of the Foundation’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and to provide an opinion on the Foundation’s compliance with Sections 4-37e to 4-37k of the Connecticut General Statutes. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation’s internal control over financial reporting and compliance.



John C. Geragosian
State Auditor



Clark J. Chapin
State Auditor

June 22, 2023
State Capitol
Hartford, Connecticut

**CONNECTICUT MENTAL HEALTH CENTER FOUNDATION
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021**

ASSETS:

Cash and Cash Equivalents	\$	200,080
Investments (Note 3)		459,613
Fixed Assets and Intangible Assets (Note 5)		48,884
Accumulated Amortization and Depreciation		<u>(48,884)</u>

TOTAL ASSETS \$ 659,693

LIABILITIES AND NET ASSETS:

LIABILITIES:

Sales Tax Payable	\$	1
-------------------	----	---

NET ASSETS:

Without Donor Restrictions	\$	538,730
With Donor Restrictions (Note 6)	\$	120,962

TOTAL LIABILITIES AND NET ASSETS \$ 659,693

See accompanying notes to financial statements.

**CONNECTICUT MENTAL HEALTH CENTER FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT:			
Contributions	\$ 56,762	\$ 4,981	\$ 61,743
Investment Return, Net	31,915	-	31,915
Net Assets Released from Restrictions			
Restrictions Satisfied by Payments	<u>11,484</u>	<u>(11,484)</u>	<u>-</u>
TOTAL REVENUES AND SUPPORT	<u>\$ 100,161</u>	<u>\$ (6,503)</u>	<u>\$ 93,658</u>
EXPENSES:			
Program Services			
Wellness Programs	8,367	-	8,367
Art & Music	3,032	-	3,032
Other	31,952		31,952
Supporting Services		-	
General and Administrative	6,831	-	6,831
Fundraising	<u>6,381</u>	<u>-</u>	<u>6,381</u>
TOTAL EXPENSES	<u>\$ 56,563</u>	<u>\$ -</u>	<u>\$ 56,563</u>
TOTAL CHANGE IN NET ASSETS	\$ 43,598	\$ (6,503)	\$ 37,095
NET ASSETS, BEGINNING OF YEAR	<u>\$ 495,132</u>	<u>\$ 127,465</u>	<u>\$ 622,597</u>
NET ASSETS, END OF YEAR	<u>\$ 538,730</u>	<u>\$ 120,962</u>	<u>\$ 659,692</u>

See accompanying notes to financial statements.

**CONNECTICUT MENTAL HEALTH CENTER FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Program Services</u>			<u>Supporting Services</u>		<u>Total</u>
	<u>Wellness</u>	<u>Art & Music</u>	<u>Other</u>	<u>General and</u>	<u>Fund</u>	
	<u>Programs</u>			<u>Administrative</u>	<u>Raising</u>	
Wellness Programs	\$ 8,367	\$ -	\$ -	\$ -	\$ -	\$ 8,367
Art & Music	-	3,032	-	-	-	3,032
Other Program Services	-	-	31,952	-	-	31,952
Community Relations	-	-	-	2,300	-	2,300
Meeting Expenses	-	-	-	63	-	63
Fees	-	-	-	4,297	-	4,297
Postage	-	-	-	171	-	171
Fundraising	-	-	-	-	6,381	6,381
TOTAL EXPENSES	<u>\$ 8,367</u>	<u>\$ 3,032</u>	<u>\$ 31,952</u>	<u>\$ 6,831</u>	<u>\$ 6,381</u>	<u>\$ 56,563</u>

See accompanying notes to financial statements.

**CONNECTICUT MENTAL HEALTH CENTER FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in Net Assets	\$ 37,095
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (used in) Operating Activities:	
Net Realized and Unrealized Gain on Investments	(36,486)
Changes in Other Asset Balance (Undeposited Funds)	(1,406)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ <u>(797)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of Investments	(1,239)
Sales of Investments	<u>25,541</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	\$ <u>24,302</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 23,505
CASH AND CASH EQUIVALENTS - DECEMBER 31, 2020	\$ <u>176,575</u>
CASH AND CASH EQUIVALENTS - DECEMBER 31, 2021	<u><u>\$ 200,080</u></u>

See accompanying notes to financial statements.

**CONNECTICUT MENTAL HEALTH CENTER FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Activities

The Connecticut Mental Health Center Foundation operates exclusively to support the Connecticut Mental Health Center (CMHC). The Foundation raises money to support patient care, improvements to the patient care environment, educational activities, expansion of family and support programs, and other related patient and community activities of CMHC.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP), as promulgated by the Financial Accounting Standards Board (FASB) Accounting Standards Codification. Net assets and revenues, expenses, gains, and losses are classified based upon the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions, including net assets with restrictions that will be met either by actions of the Foundation or by the passage of time (temporarily restricted), and net assets that must be maintained permanently by the Foundation (permanently restricted). When a restriction has been met or expires, temporarily restricted assets are reclassified to Net Assets Without Donor Restrictions and reported in the statement of activities as net assets released from restrictions. For permanently restricted net assets, generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specified purposes. The Foundation had no permanently restricted net assets during calendar year 2021.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in checking, petty cash, and savings accounts.

Contributions

Contributions are available for unrestricted use unless specifically restricted by the donor.

Investments

Investments with readily determinable fair values are valued at their fair values in the statement of financial position. Investments include alternative investments. Because certain alternative investments are not immediately marketable given the nature of the underlying strategies and the terms of the investments governing agreement, the estimated fair value is subject to uncertainty and, therefore, may differ from the value that may be received if a ready market for the investments had been in existence, and the difference could be material.

Net investment return is included in the change in net assets and includes investment income and net realized and unrealized gains and losses, net of related investment expenses.

Income Taxes

The Foundation is exempt from federal income taxes under Internal Revenue Code Section 501(c) (3) and, therefore, has made no provision for federal income taxes in the accompanying financial statements.

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.

Cost Allocation

There are no expenses included in the financial statements that require allocation to more than one program or supporting function.

NOTE 2: CONCENTRATION OF CREDIT RISK:

The Foundation's bank deposits are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2021, there were no uninsured deposits.

NOTE 3: INVESTMENTS:

The Foundation's investments at December 31, 2021 are carried at fair value and consist of the following:

Investments managed by the Community Foundation for Greater New Haven	<u>\$459,613</u>
Total Investments	<u><u>\$459,613</u></u>

NOTE 4: FAIR VALUE MEASUREMENT:

The Foundation is required to measure the fair value of investments under a three-level hierarchy. The Community Foundation for Greater New Haven, which manages the Foundation's investments, adopted in calendar year 2015 ASU Topic 820, *Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)*, as issued by the FASB. In summary, ASU Topic 820 is a practical expedient to measure the fair value of certain investments that utilize a net asset value rather than categorized under the fair value hierarchy. Accordingly, the Foundation's investments are presented below using this methodology where applicable. For those investments that do not utilize a net asset value methodology (or its equivalent), the Foundation will continue to measure the fair value under the three-level hierarchy, as follows.

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2: Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability'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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the tables below are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

The fair value of the Foundation's investments as of December 31, 2021, was as follows:

Description	Level 1	Level 2	Level 3	Investments	Total
				Valued at NAV	
Bonds	\$ 26,719	\$ -	\$ -	\$ 12,665	\$ 39,384
Cash & Cash Equivalents	10,899	-	-	-	\$ 10,899
Global Equity	18,661	-	-	222,875	\$ 241,536
Hedged	-	-	-	110,315	\$ 110,315
Private Assets	-	-	-	57,479	\$ 57,479
Total	<u>\$ 56,279</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 403,334</u>	<u>\$ 459,613</u>

NOTE 5: FIXED ASSETS:

Fixed assets purchased in excess of \$2,500 are capitalized and stated at historical cost. The depreciation method utilized varies based on the asset type. The Foundation's fixed assets, including intangible assets, at December 31, 2021 were fully depreciated and consisted of the following:

Description	Cost	Accumulated Amortization/Depreciation
Inside CMHC Video	\$ 32,035	\$ 32,035
Organizational Costs	508	508
Furniture	3,388	3,388
Other Equipment	3,582	3,582
Land Improvements	9,371	9,371
Total	<u>\$ 48,884</u>	<u>\$ 48,884</u>

NOTE 6: RESTRICTIONS ON NET ASSETS:

Net assets with donor restrictions are restricted for the following purposes at December 31, 2021:

Wellness Programs	56,493
Other Programs	10,852
Capital Campaign	<u>53,617</u>
Total Net Assets with Donor Restrictions	<u>\$ 120,962</u>

Net assets with donor restrictions were released from donor restrictions during the year by incurring expenses satisfying the restricted purpose specified by the donor.

Program Restrictions Fulfilled	<u>\$ 11,484</u>
Total Net Assets Released from Restrictions	<u>\$ 11,484</u>

NOTE 7: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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

Financial assets at year end	\$ 659,693
Less those unavailable for general expenditures within one year:	
Temporarily restricted for program use	<u>120,962</u>
Financial assets available to meet cash needs for general expenditures within one year:	<u>\$ 538,731</u>

NOTE 8: TRANSACTIONS WITH CONNECTICUT MENTAL HEALTH CENTER:

To ensure the proper use of funds, the Foundation disburses certain funds directly to the Connecticut Mental Health Center. The Foundation provides institutional support to CMHC for various programs and other services. All of the Foundation's expenditures are in an effort to advance CMHC.

NOTE 9: EVALUATION OF SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through June 22, 2023, the date which the financial statements were available to be issued.

STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

JOHN C. GERAGOSIAN

State Capitol
210 Capitol Avenue
Hartford, Connecticut 06106-1559

CLARK J. CHAPIN

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Board of Directors
Connecticut Mental Health Center Foundation:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Connecticut Mental Health Center Foundation (Foundation) 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, and have issued our report thereon dated June 22, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with Sections 4-37e to 4-37k of the General Statutes and certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. The results of our testing disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying management letter as finding one.

Qualified Opinion on Compliance with Sections 4-37e to 4-37k of the General Statutes

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Foundation complied in all other material respects with the provisions of Sections 4-37e to 4-37k of the Connecticut General Statutes for the calendar year ended December 31, 2021.

Basis for Qualified Opinion on Compliance with Sections 4-37e to 4-37k of the General Statutes

As described in the accompanying Management Letter section of this report, the Foundation did not comply with certain requirements of Section 4-37f (8) of the General Statutes. For calendar year 2021, the Foundation did not comply with the requirement to have the audit completed no later than six months after year end.

Other Matters

In addition to the noncompliance described in the Basis for Qualified Opinion paragraph, we noted certain other matters that we reported to the Foundation's management in the accompanying Management Letter section of this report as findings two through four.

Foundation's Response to Findings

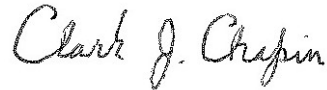
Government Auditing Standards requires the auditor to perform limited procedures on the Foundation's response to the findings identified in our audit and described in the accompanying Management Letter. The Foundation's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



John C. Geragosian
State Auditor



Clark J. Chapin
State Auditor

June 22, 2023
State Capitol
Hartford, Connecticut

STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

JOHN C. GERAGOSIAN

State Capitol
210 Capitol Avenue
Hartford, Connecticut 06106-1559

CLARK J. CHAPIN

MANAGEMENT LETTER

The Board of Directors
Connecticut Mental Health Center Foundation:

In planning and performing our audit of the financial statements of the Connecticut Mental Health Center Foundation (Foundation) as of and for the calendar year ended December 31 2021, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, we considered the Foundation's system of internal control over financial reporting and compliance with certain provisions of laws, regulations, contracts, and grant agreements as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements and compliance with Sections 4-37e through 4-37k of the Connecticut General Statutes, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Foundation's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, during our audit we identified certain deficiencies in internal control other than significant deficiencies and material weaknesses and other matters that are opportunities to strengthen your internal control and improve the efficiency of your operations. Our comments and suggestions, which have already been discussed with various personnel affiliated with the Foundation, are summarized below.

1. Compliance with Connecticut General Statute Section 4-37f(8)

- Criteria:* Section 4-37f(8) of the General Statutes requires the foundation to be audited every three years. The audit must be conducted by an independent auditor in accordance with generally accepted accounting standards and completed within six months of the foundation’s calendar year end.
- Condition:* The Connecticut Mental Health Center Foundation did not comply with the statutory requirement to complete its audit within six months after year end for the calendar year ended December 31, 2021.
- Context:* The Foundation was not prepared to commence the audit for the year ended December 31, 2021 until January 2023.
- Effect:* The Foundation’s financial statements were not audited in a timely manner, increasing the risk of fraud or error.
- Cause:* The Foundation was unable to meet the requirement due to a lack of available resources to prepare for the audit.
- Prior Audit Finding:* This finding has been previously reported in the last audit report covering the calendar year ended December 31, 2018.
- Recommendation:* The Connecticut Mental Health Center Foundation should promptly complete its audits in accordance with Section 4-37f(8) of the General Statutes.
- Foundation Response:* “The Connecticut Mental Health Center Foundation was disrupted by the impact of the COVID-19 pandemic and was not able to ensure timely compliance with all statutory requirements. In response to the pandemic, the Foundation made adjustments to its financial management procedures that should enable timely compliance going forward.”

2. Consideration of the “Uniform Prudent Management of Institutional Funds Act” on Foundation Policies and Procedures

- Criteria:* The Uniform Prudent Management of Institutional Funds Act, codified in Sections 45a-535 through 45a-535i of the General Statutes, contains several provisions related to the management and investment of endowment funds and the prudent use of institutional funds in accordance with donor intent.
- Condition:* The Foundation’s board of directors has not reviewed the act and considered its impact on Foundation policies and procedures.

Context: The Connecticut Mental Health Center Foundation does not currently have any permanently restricted funds. The Foundation may receive endowment funds in the future.

Effect: Failure to consider the statutory requirements increases the risk of noncompliance.

Cause: Foundation personnel determined that this was a low-risk area, which did not require action.

Prior Audit Finding: This finding was previously reported in the last two audit reports covering the calendar years ended December 31, 2014, 2015 and 2018.

Recommendation: The Connecticut Mental Health Center Foundation Board of Directors should consider the impact of the Uniform Prudent Management of Institutional Funds Act on its policies and procedures.

Foundation Response: “The Connecticut Mental Health Center Foundation holds an investment fund with the Community Foundation for Greater New Haven and does not have any permanently restricted funds. The board of directors will consider the impact of the Uniform Prudent Management of Institutional Funds Act on its policies and procedures.”

3. Board Meetings

Criteria: The Connecticut Mental Health Center Foundation bylaws require the board of directors to hold an annual meeting which shall generally be held in April of each year and in any event during the first half of the year following the close of the Foundation’s calendar year.

Condition: The Connecticut Mental Health Center Foundation board did not meet during calendar years 2020 or 2021.

Context: The Foundation’s board met in May 2019, and did not meet again until December 2022.

Effect: The Foundation board did not comply with the bylaws regarding annual meetings, which increases the risk of the board failing to meet its intended mission.

Cause: The board had difficulty scheduling meetings primarily due to the COVID-19 pandemic.

Prior Audit Finding: This finding has not been previously reported.

Recommendation: The Connecticut Mental Health Center Foundation Board of Directors should hold an annual meeting as required in its bylaws.

Foundation

Response: “The Connecticut Mental Health Center Foundation Board of Directors was not able to convene a quorum in 2020 and 2021 for an annual meeting due to the disruptions of the COVID-19 pandemic. During this time period, the director, president, and treasurer maintained regular contact to ensure faithful execution of the Foundation’s activities and fulfillment of its mission.”

4. Tracking of Net Assets

Criteria: Net assets of the Foundation and changes therein should be properly classified and reported as without donor restrictions or with donor restrictions, based upon the existence or absence of donor-imposed restrictions.

Condition: We noted the Foundation did not adequately track and report donor-imposed restrictions on net assets. The Foundation needed to make \$11,984 in audit adjustments to reflect proper classification of the net asset balances.

Context: The Foundation received \$4,981 in restricted cash receipts and expended \$11,484 of restricted funds during calendar year 2021.

Effect: There is an increased risk that funds will not be spent in accordance with donor-imposed restrictions.

Cause: The exceptions appear to be caused by a lack of time and effort on the part of the Foundation’s volunteer staff.

Prior Audit Finding: This finding has not been previously reported.

Recommendation: The Connecticut Mental Health Center Foundation should properly track, classify, and report net assets based on the existence of donor-imposed restrictions.

Foundation

Response: “The cause of the finding was inconsistent categorization of receipts and expenditures that were later identified and correctly assigned. The Connecticut Mental Health Center Foundation worked with the auditor to identify a procedure it will maintain to properly track, classify, and report net assets based on the existence of donor-imposed restrictions.”

RECOMMENDATIONS

Status of Prior Audit Recommendations:

Our prior audit report on the Connecticut Mental Health Center Foundation contained three recommendations. One has been implemented or otherwise resolved and two have been repeated or restated with modifications during the current audit.

- The Connecticut Mental Health Center Foundation should comply with all statutory audit requirements. **This recommendation is being repeated. (See Recommendation 1.)**
- The Connecticut Mental Health Center Foundation Board of Directors should consider the impact of the Uniform Prudent Management of Institutional Funds Act on its policies and procedures. **This recommendation is being repeated. (See Recommendation 2.)**
- The Connecticut Mental Health Center Foundation should improve procedures related to the approval of minutes of board meetings. **This recommendation is not being repeated.**

Current Audit Recommendations:

- 1. The Connecticut Mental Health Center Foundation should promptly complete its audits in accordance with Section 4-37f(8) of the General Statutes.**

Comment:

The Foundation did not comply with the statutory requirement to complete its audit within six months after year end for the calendar year ended December 31, 2021.

- 2. The Connecticut Mental Health Center Foundation Board of Directors should consider the impact of the Uniform Prudent Management of Institutional Funds Act on its policies and procedures.**

Comment:

The Foundation's board has not reviewed the Uniform Prudent Management of Institutional Funds Act and considered its impact on Foundation policies and procedures.

- 3. The Connecticut Mental Health Center Foundation Board of Directors should hold an annual meeting as required in its bylaws.**

Comment:

The Foundation's board did not meet during 2020 or 2021.

- 4. The Connecticut Mental Health Center Foundation should properly track, classify, and report net assets based on the existence of donor-imposed restrictions.**

Comment:

The Foundation did not adequately track and report donor-imposed restrictions on net assets. The Foundation needed to make \$11,984 in audit adjustments to reflect proper classification of the net asset balances.

ACKNOWLEDGEMENTS

The Auditors of Public Accounts wish to express our appreciation for the courtesies and cooperation extended to our representatives by the personnel of the Connecticut Mental Health Center Foundation during the course of our examination.

Jamie Drozdowski

Jamie Drozdowski
Principal Auditor

Approved:



John C. Geragosian
State Auditor

Clark J. Chapin

Clark J. Chapin
State Auditor