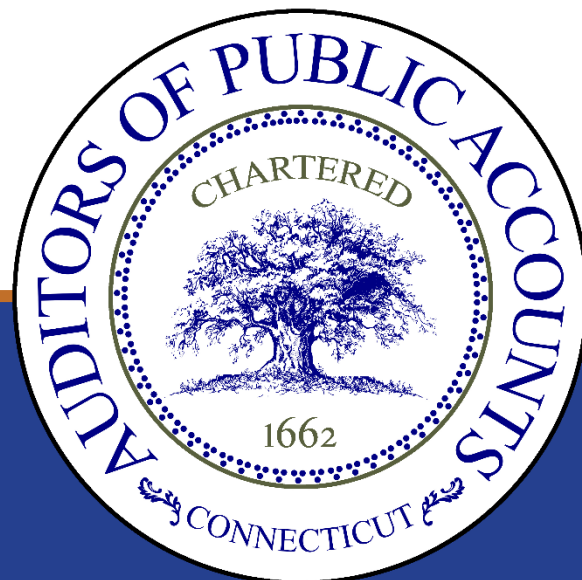


AUDITORS' REPORT

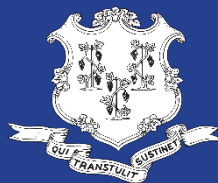
Connecticut Heritage Foundation, Inc.

FOR THE FISCAL YEAR ENDED JUNE 30, 2022



STATE OF CONNECTICUT
Auditors of Public Accounts

JOHN C. GERAGOSIAN
State Auditor



CLARK J. CHAPIN
State Auditor

CONTENTS

INDEPENDENT AUDITORS' REPORT.....	3
STATEMENT OF FINANCIAL POSITION	6
STATEMENT OF ACTIVITIES	7
STATEMENT OF FUNCTIONAL EXPENSES.....	8
STATEMENT OF CASH FLOWS	9
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL.....	12
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE.....	14
MANAGEMENT LETTER.....	16
STATUS OF PRIOR AUDIT RECOMMENDATIONS.....	19
ACKNOWLEDGEMENTS	20

STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

JOHN C. GERAGOSIAN

STATE CAPITOL
210 CAPITOL AVENUE
HARTFORD, CONNECTICUT 06106-1559

CLARK J. CHAPIN

November 1, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Connecticut Heritage Foundation, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Connecticut Heritage Foundation, Inc. (Foundation), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the fiscal 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 June 30, 2022, and the changes in its net assets and cash flows for the fiscal 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.

Other Matters

Section 4-37f (8) of the General Statutes states:

"A foundation which has in any of its fiscal years receipts and earnings from investments totaling two hundred fifty thousand dollars per fiscal year or more, ..., shall have completed on its behalf for such fiscal year a full audit of the books and accounts of the foundation. A foundation which has receipts and earnings from investments totaling less than two hundred fifty thousand dollars

in each fiscal year during any three of its consecutive fiscal years beginning October 1, 2018, shall have completed on its behalf for the third fiscal year in any such three-year period a full audit of the books and accounts of the foundation..."

Pursuant to Section 4-37f(8) of the General Statutes, the audit period was limited to the fiscal year ended June 30, 2022 as the Foundation had receipts and earnings from investments totaling less than two hundred fifty thousand dollars for each of the three consecutive years since the prior audit report, which was for the fiscal year ended June 30, 2019.

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.

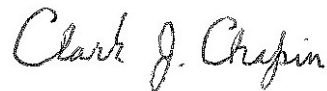
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 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 not to provide an opinion on the effectiveness of the Foundation’s internal control over financial reporting or on compliance. 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

November 1, 2023
State Capitol
Hartford, Connecticut

CONNECTICUT HERITAGE FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

ASSETS:

Cash and Cash Equivalents	\$ 171,691
Receivable from CT State Library	<u>14,744</u>

TOTAL ASSETS 186,465

LIABILITIES AND NET ASSETS:

LIABILITIES:

Accounts Payable	36,591
------------------	--------

NET ASSETS:

Without Donor Restrictions	76,875
With Donor Restrictions (Note 3)	<u>72,999</u>
Total Net Assets	149,874

TOTAL LIABILITIES AND NET ASSETS \$ 186,465

See accompanying notes to financial statements.

CONNECTICUT HERITAGE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT:			
Contributions	\$ 3,795	\$ 49,408	\$ 53,203
Net Assets Released from Restrictions (Note 3)			
Restrictions Satisfied by Payments	<u>4,979</u>	<u>(4,979)</u>	<u>-</u>
TOTAL REVENUES AND SUPPORT	<u>8,774</u>	<u>44,429</u>	<u>53,203</u>
EXPENSES:			
Program Services			
Presentations	1,300	-	1,300
Outreach	3,850	-	3,850
Other	3,500	-	3,500
Supporting Services			
General and Administrative	1,178	-	1,178
Fundraising	544	-	544
TOTAL EXPENSES	<u>10,382</u>	<u>-</u>	<u>10,382</u>
CHANGE IN NET ASSETS	(1,608)	44,429	42,821
NET ASSETS, BEGINNING OF YEAR	<u>78,483</u>	<u>28,570</u>	<u>107,053</u>
NET ASSETS, END OF YEAR	<u>\$ 76,875</u>	<u>\$ 72,999</u>	<u>\$ 149,874</u>

See accompanying notes to financial statements.

CONNECTICUT HERITAGE FOUNDATION, INC.
 STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Program Services</u>			<u>Supporting Services</u>		<u>Total</u>
	<u>Presentations</u>	<u>Outreach</u>	<u>Other</u>	<u>General and Administrative</u>	<u>Fundraising</u>	
Presentations	\$ 1,300	\$ -	\$ -	\$ -	\$ -	\$ 1,300
Outreach	-	3,850	-	-	-	3,850
Other Program Services	-	-	3,500	-	-	3,500
Internship Program	-	-	-	1,000	-	1,000
Credit Card Fees	-	-	-	51	-	51
Bank Fees	-	-	-	27	-	27
Filing Fees	-	-	-	100	-	100
Fundraising	-	-	-	-	554	554
TOTAL EXPENSES	<u>\$ 1,300</u>	<u>\$ 3,850</u>	<u>\$ 3,500</u>	<u>\$ 1,178</u>	<u>\$ 554</u>	<u>\$ 10,382</u>

See accompanying notes to financial statements.

CONNECTICUT HERITAGE FOUNDATION, INC.
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

CASH FLOW FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 42,821
Adjustments to Reconcile Change in Net Assets to Net Increase in Receivables	(900)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>41,921</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	-
CASH FLOWS FROM FINANCING ACTIVITIES	
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	41,921
CASH AND CASH EQUIVALENTS - JUNE 30, 2021	<u>129,770</u>
CASH AND CASH EQUIVALENTS - JUNE 30, 2022	<u>\$ 171,691</u>

See accompanying notes to financial statements.

CONNECTICUT HERITAGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Foundation operates exclusively for charitable, educational, and scientific purposes, and as such, promotes the furtherance and support of the programs and purposes of the Connecticut State Library and the Raymond E. Baldwin Museum of Connecticut History and Heritage. The Foundation solicits and receives contributions of funds for the support of such activities.

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. The governing board of the Foundation may elect to designate such resources for specific purposes. This designation may be removed at the board’s discretion.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. (See Note 3 for additional information.) 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. (See Note 4 for additional information.) Other donor-imposed restrictions require the principal be maintained in perpetuity but permit the Foundation to expend the income earned thereon. The Foundation does not currently have any net assets with donor restrictions to be maintained in perpetuity.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in a checking account.

Contributions

Contributions are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor.

Conditional pledges, which depend on the occurrence of a specified future date and uncertain event to bind the promisor, shall be recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

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.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles 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. As of June 30, 2022, there were no uninsured deposits.

NOTE 3: RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions are restricted for the following purposes at June 30, 2022:

Aetna Donation	\$	40,000
Crawford Westbrook		10,000
Friends of LBPH		8,143
CT in WWI		7,370
National Park Service		3,950
Bookmobile		2,243
Digging into History		311
Pacific Library Partnership		271
Other Miscellaneous		711
Total Net Assets with Donor Restrictions	\$	<u>72,999</u>

NOTE 4: NET ASSETS RELEASED FROM RESTRICTIONS

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

National Park Service	\$	3,500
Pacific Library Partnership		1,479
Total Net Assets Released from Restrictions	\$	<u>4,979</u>

NOTE 5: EVALUATION OF SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through November 1, 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 Heritage Foundation, Inc.:

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 the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Connecticut Heritage Foundation, Inc. (Foundation), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the fiscal year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 1, 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) to determine the 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. However, we identified a deficiency in internal control, described in the accompanying management letter as finding one that we consider to be a significant deficiency.

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 certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Foundation's Response to Findings

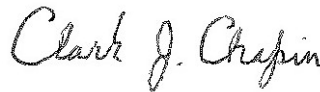
Government Auditing Standards requires the auditor to perform limited procedures on the Foundation's response to the findings identified in our audit and described in the accompanying Management Letter. The Foundation's response was not subjected to the auditing procedures applied in the audit of the 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

November 1, 2023
State Capitol
Hartford, Connecticut

STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

JOHN C. GERAGOSIAN

STATE CAPITOL
210 CAPITOL AVENUE
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CLARK J. CHAPIN

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH THE PROVISIONS OF SECTIONS 4-37e TO 4-37k OF THE CONNECTICUT GENERAL STATUTES

The Board of Directors
Connecticut Heritage Foundation, Inc.:

Report on Compliance with the Provisions of Sections 4-37e to 4-37k

Opinion

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the financial statements of the Connecticut Heritage Foundation, Inc. (Foundation), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the fiscal year then ended, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated November 1, 2023.

In our opinion, the Foundation complied, in all material respects, with the with the provisions of Sections 4-37e to 4-37k of the Connecticut General Statutes for the year ended June 30, 2022.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with 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 opinion. Our audit does not provide a legal determination of the Foundation's compliance with the requirements of the provisions of Sections 4-37e to 4-37k of the Connecticut General Statutes.

Responsibilities of Management

Management is responsible for compliance with the requirements of the provisions of Sections 4-37e to 4-37k of the Connecticut General Statutes and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Foundation.

Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an

opinion on the Foundation's compliance based on our audit. 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 material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Foundation's compliance with the requirements of the provisions of Sections 4-37e to 4-37k of the Connecticut General Statutes.

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 noncompliance, 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 Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Foundation's internal control over compliance 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 over compliance. Accordingly, no such opinion is expressed.

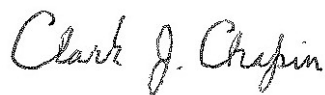
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the provisions of Sections 4-37e to 4-37k of the Connecticut General Statutes. Accordingly, this report is not suitable for any other purpose.



John C. Geragosian
State Auditor



Clark J. Chapin
State Auditor

November 1, 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 Heritage Foundation, Inc.:

In planning and performing our audit of the financial statements of the Connecticut Heritage Foundation, Inc. (Foundation) for the fiscal year ended June 30, 2022, 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. Nevertheless, as discussed below, during our audit we identified certain deficiencies in internal control that we consider to be a significant deficiency. Our comments and suggestions, which have already been discussed with various personnel affiliated with the Foundation, are summarized as follows:

Finding 1

Deficiencies in Internal Controls Over Financial Reporting

Criteria

Section 11-1(d) of the General Statutes established the Connecticut Heritage Foundation as a non-profit entity to accept private donations to fund specific projects of the Connecticut State Library and Raymond E. Baldwin Museum of Connecticut History and Heritage. The donations are assets of the Foundation and not of the state.

Section 4-37f (7) of the General Statutes requires foundations use generally accepted accounting principles (GAAP) in their financial recordkeeping and reporting. Accounting ledgers should enable the preparation of financial statements in accordance with GAAP.

Separation of duties is a best practice that requires one person should not be in control of all parts of a transaction or business process. Additionally, sound business practices require monthly reconciliations to ensure complete and accurate accounting records.

Condition

During our engagement, we proposed several audit adjustments that the Foundation did not identify through its existing internal controls. As of June 30, 2022, the Department of Administrative Services erroneously deposited \$14,774 in online Foundation donations into the state's bank account which were not properly classified as receivables on the Foundation's accounting ledger. Additionally, the Foundation's cash balance included \$36,591 in receipts that it should have remitted to the state's bank account but erroneously deposited into the Foundation's checking account. These receivables and payables were outstanding as of the conclusion of our fieldwork.

In addition, the Foundation did not have sufficient controls over its accounting process. The same individual was responsible for maintaining the accounting ledger, reconciling to the bank account, and preparing financial information.

Context

The net asset balance per the Foundation's accounting ledger was \$187,949, and the corrected net asset balance was \$149,874.

Effect

Material adjustments were required to fairly state the Foundation's financial statements in accordance with GAAP. Also, unaudited financial reports presented to the board were materially misstated, which could impact operational decisions.

Foundation funds were comingled with state funds.

Cause

The Foundation does not utilize an accounting information system. It tracks activity on an Excel spreadsheet and does not utilize an account numbering system. There is no supervisory review over the accounting and financial reporting process to ensure the accounting ledger enables the financial statements to be presented in accordance with GAAP.

Prior Audit Finding

This finding has been previously reported in the last three audit reports covering the fiscal the fiscal years ended June 30, 2013, 2016, and 2019.

Recommendation

The Connecticut Heritage Foundation should strengthen internal controls to ensure compliance with generally accepted accounting principles and consider utilizing an accounting information system. The Foundation should also return any state funds in its possession and should ask the state to return any online donations deposited in error.

Foundation Response

"We agree with the findings and will work with the State Library, which by agreement maintains the Foundation's book and records, to implement the recommendations."

STATUS OF PRIOR AUDIT RECOMMENDATIONS

Our [prior audit report](#) on the Connecticut Heritage Foundation contained two recommendations of which both have been restated and repeated in a consolidated format during the current audit.

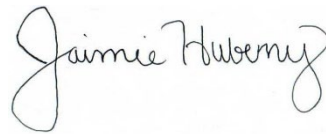
Prior Recommendation	Current Status
<p>The Connecticut Heritage Foundation should improve internal bank reconciliation controls by promptly performing monthly reconciliations. The Foundation should also send back any state funds in its possession. It should also ask the state to return funds for any credit card donations deposited in error.</p>	<p>REPEATED Modified Form</p> <p>Recommendation 1</p>
<p>The Connecticut Heritage Foundation, Inc. should strengthen internal controls to ensure compliance with generally accepted accounting principles, and should consider utilizing an accounting information system.</p>	<p>REPEATED Modified Form</p> <p>Recommendation 1</p>

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 Heritage Foundation, Inc. during the course of our examination.

The Auditors of Public Accounts would also like to acknowledge the auditors who contributed to this report:

Jaimie Hubeny

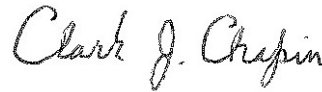


Jaimie Hubeny
Associate Auditor

Approved:



John C. Geragosian
State Auditor



Clark J. Chapin
State Auditor