

# STATE OF CONNECTICUT



*AUDITORS' REPORT  
CONNECTICUT MENTAL HEALTH CENTER FOUNDATION  
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2018*

**AUDITORS OF PUBLIC ACCOUNTS**  
JOHN C. GERAGOSIAN ❖ ROBERT J. KANE

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# STATE OF CONNECTICUT



## AUDITORS OF PUBLIC ACCOUNTS

State Capitol  
210 Capitol Avenue  
Hartford, Connecticut 06106-1559

JOHN C. GERAGOSIAN

ROBERT J. KANE

July 23, 2020

### INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Connecticut Mental Health Center Foundation:

#### **Report on the Financial Statements**

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, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

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, 2018, 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.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2020, 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 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



Robert J. Kane  
State Auditor

July 23, 2020  
State Capitol  
Hartford, Connecticut

**CONNECTICUT MENTAL HEALTH CENTER FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>2018</u>
<b>ASSETS:</b>	
Cash and Cash Equivalents	\$ 182,915
Investments (Note 3)	367,249
Prepaid Assets	1,774
Fixed Assets and Intangible Assets (Note 5)	48,884
Accumulated Amortization and Depreciation	<u>(48,884)</u>
 <b>TOTAL ASSETS</b>	 <b><u>\$ 551,938</u></b>
 <b>LIABILITIES AND NET ASSETS:</b>	
 <b>LIABILITIES:</b>	
Sales Tax Payable	\$ 1
 <b>NET ASSETS:</b>	
Without Donor Restrictions	\$ 426,644
With Donor Restrictions (Note 6)	\$ 125,293
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <b><u>\$ 551,938</u></b>

See accompanying notes to financial statements.

**CONNECTICUT MENTAL HEALTH CENTER FOUNDATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT:			
Contributions	\$ 37,144	\$ 52,430	\$ 89,574
Interest Income	325	-	325
Investment Return, Net	(21,769)		(21,769)
Net Assets Released from Restrictions			
Restrictions Satisfied by Payments	<u>35,028</u>	<u>(35,028)</u>	<u>-</u>
TOTAL REVENUES AND SUPPORT	<u>\$ 50,728</u>	<u>\$ 17,402</u>	<u>\$ 68,130</u>
EXPENSES:			
Program Services			
Wellness Programs	8,446	-	8,446
Art & Music	13,152	-	13,152
Other	46,171		46,171
Supporting Services			
General and Administrative	12,337	-	12,337
Fundraising	<u>6,497</u>	<u>-</u>	<u>6,497</u>
TOTAL EXPENSES	<u>\$ 86,603</u>	<u>\$ -</u>	<u>\$ 86,603</u>
TOTAL CHANGE IN NET ASSETS	\$ (35,875)	\$ 17,402	\$ (18,473)
NET ASSETS, BEGINNING OF YEAR	<u>\$ 462,519</u>	<u>\$ 107,891</u>	<u>\$ 570,410</u>
NET ASSETS, END OF YEAR	<u>\$ 426,644</u>	<u>\$ 125,293</u>	<u>\$ 551,937</u>

See accompanying notes to financial statements.

**CONNECTICUT MENTAL HEALTH CENTER FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Program Services</u>			<u>Supporting Services</u>		<u>Total</u>
	<u>Wellness</u>	<u>Art &amp; Music</u>	<u>Other</u>	<u>General and</u>	<u>Fund</u>	
	<u>Programs</u>			<u>Administrative</u>	<u>Raising</u>	
Wellness Programs	\$ 8,446	\$ -	\$ -	\$ -	\$ -	\$ 8,446
Art & Music	-	13,152	-	-	-	13,152
Other Program Services	-	-	46,171	-	-	46,171
Community Relations	-	-	-	2,650	-	2,650
Meeting Expenses	-	-	-	1,416	-	1,416
Fees	-	-	-	1,540	-	1,540
Accounting	-	-	-	2,900	-	2,900
Insurance	-	-	-	2,014	-	2,014
Other G&A	-	-	-	1,817	-	1,817
Fundraising	-	-	-	-	6,497	6,497
<b>TOTAL EXPENSES</b>	<u>\$ 8,446</u>	<u>\$ 13,152</u>	<u>\$46,171</u>	<u>\$ 12,337</u>	<u>\$ 6,497</u>	<u>\$ 86,603</u>

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See accompanying notes to financial statements.

**CONNECTICUT MENTAL HEALTH CENTER FOUNDATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in Net Assets	\$ (18,473)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (used in) Operating Activities:	
Net Realized and Unrealized Loss on Investments	22,237
Changes in Prepaid Assets	(1,774)
 NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	 <u>\$ 1,990</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of Investments	(2,030)
Sales of Investments	<u>22,446</u>
 NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	 <u>\$ 20,416</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 \$ 22,406
 CASH AND CASH EQUIVALENTS - DECEMBER 31, 2017	 <u>\$ 160,509</u>
CASH AND CASH EQUIVALENTS - DECEMBER 31, 2018	<u><u>\$ 182,915</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, 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 2018.

In August 2016, the Financial Accounting Standards Board issued ASU 2016-14, Presentation of Financial Statements of Not-for-Profit Entities, effective for annual financial statements issued for fiscal years beginning after December 15, 2017. The purpose of the guidance is to improve the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. The Foundation adopted this ASU for the calendar year ended December 31, 2018.

Cash and Cash Equivalents:

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

Contributions:

Contributions are recorded as made. All 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. 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 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. At December 31, 2018, there were no uninsured deposits.

**NOTE 3: INVESTMENTS:**

The Foundation's investments at December 31, 2018 are carried at fair value and consist of the following:

Investments managed by the Community Foundation for Greater New Haven	<u>\$367,249</u>
Total Investments	<u><u>\$367,249</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 fiscal 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 Financial Accounting Standards Board. 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: Observable inputs from quoted market prices for identical assets or liabilities to which the Foundation has independent access at the measurement date.

Level 2: Observable inputs derived from direct quoted market prices or indices for the asset or liability, either directly or indirectly, or can be corroborated by observable inputs and market data, and the Foundation has the ability to redeem the asset in the near term (within 90 days) subsequent to the measurement date.

Level 3: Prices, which may be based on an underlying quoted market price, observable input and/or market data contained in Level 1 and Level 2, which also requires significant judgment on observable inputs by the investee as to the net asset value per share or unit to the Foundation's ownership interest in the partners' capital, and where redemption would be available in a period of more than 90 days from the measurement date. Valuation methodologies include, but are not limited to, discounted cash flow analysis, comparable asset analysis, third-party appraisals, third-party pricing services, and other applicable indices.

Where:

Observable inputs reflect the market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and from independent sources that are actively involved in the relevant markets, and include assumptions made in pricing and valuations of the asset or liability that are developed from sources independent of the Foundation.

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, 2018 was as follows:

Description	Investments			Valued at NAV	Total
	Level 1	Level 2	Level 3		
All Cap	\$ -	\$ -	\$ -	\$ 52,433	\$ 52,433
Asset Based Lending	-	-	-	5,766	5,766
Bonds	24,655	-	-	29,535	54,190
Cash Equivalents	5,377	-	-	-	5,377
Commodities	-	-	-	1,268	1,268
Distressed Debt	-	-	-	43	43
Emerging Markets Equity	-	-	-	5,471	5,471
Energy	-	-	-	2,652	2,652
Equity	-	-	-	11,505	11,505
Global Equity	-	-	-	13,569	13,569
Global Opportunistic Energy	-	-	-	3,100	3,100
Hedged	-	-	-	83,095	83,095
Intl Equity	35,104	-	-	16,690	51,794
Land	-	-	-	19,217	19,217
Large Cap Equity	-	-	-	38,790	38,790
Large-Concentrated	-	-	-	3,412	3,412
Oil/Gas	-	-	-	2,014	2,014
Private Equity	-	-	-	7,603	7,603
Real Estate	-	-	-	5,950	5,950
Total	<u>\$ 65,136</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 302,113</u>	<u>\$ 367,249</u>

**NOTE 5: FIXED ASSETS:**

The Foundation's fixed assets, including intangible assets, at December 31, 2018 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 were available for the following purposes at December 31, 2018:

Wellness Programs	\$ 79,946
Capital Campaign	<u>45,347</u>
Total Net Assets with Donor Restrictions	<u><u>\$ 125,293</u></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>\$ 35,028</u>
Total Net Assets Released from Restrictions	<u><u>\$ 35,028</u></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	\$ 550,164
Less those unavailable for general expenditures within one year:	
Temporarily restricted for program use	<u>125,293</u>
Financial assets available to meet cash needs for general expenditures within one year:	<u><u>\$ 424,871</u></u>

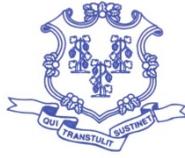
**NOTE 8: TRANSACTIONS WITH CONNECTICUT MENTAL HEALTH CENTER:**

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 July 23, 2020, 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

ROBERT J. KANE

**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 the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Connecticut Mental Health Center Foundation (Foundation) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated July 23, 2020.

**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 over financial reporting 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. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

Compliance with Sections 4-37e to 4-37k of the General Statutes, and any other laws, regulations, contracts, and grant agreements relevant to the Foundation is the responsibility of the Foundation's management. 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 determination of financial statement amounts.

### **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 2016, the Foundation did not comply with the requirement to obtain a full audit of its books and records. For calendar year 2018, the Foundation did not comply with the requirement to have the audit completed no later than 6 months after year end.

### **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 year ended December 31, 2018.

### **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.

**Purpose of Report**

This report is intended for the information of the board of directors and any applicable regulatory body. However, this report is a matter of public record, and its distribution is not limited.



John C. Geragosian  
State Auditor



Robert J. Kane  
State Auditor

July 23, 2020  
State Capitol  
Hartford, Connecticut

STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

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JOHN C. GERAGOSIAN

ROBERT J. KANE

**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) for the year ended December 31 2018, we considered the Foundation's internal control and compliance with certain provisions of laws, regulations, contracts, and grant agreements in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and compliance with Sections 4-37e through 4-37k of the Connecticut General Statutes, and not to provide assurance on internal control. We noted no matters involving the internal accounting control structure and its operation or the Foundation's compliance with certain provisions of laws, regulations, contracts, and grant agreements that we consider to be material weaknesses according to 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. However, during our audit, we became aware of certain matters that present an opportunity for improving internal controls.

Our comments and suggestions, which have already been discussed with various personnel affiliated with the Foundation, are summarized below.

**1. Compliance with Connecticut General Statutes Sections 4-37f (8)**

*Criteria:* Prior to July 1, 2017, CGS Section 4-37f (8) required that "A foundation which has in any of its fiscal years receipts and earnings from investments totaling one hundred 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."

Effective July 1, 2017, CGS Section 4-37f (8) requires that "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 .... Each audit under this subdivision shall be (A) conducted by an independent certified public accountant or, if requested by the state agency with the consent of the foundation, the Auditors of Public Accounts, (B) conducted in accordance with generally accepted auditing standards, and (C) completed, and a copy of such audit submitted, in accordance with this section, not later than six months after the end of the applicable fiscal year.”

*Condition:* The Connecticut Mental Health Center Foundation did not comply with the statutory audit requirement for calendar year ended December 31, 2016. Furthermore, the Foundation did not comply with the statutory requirement to complete its audit within six months after year end for December 31, 2018.

*Effect:* The Foundation did not comply with statutory audit requirements.

*Cause:* The Foundation was uncertain as to the timing and extent of the statutory changes.

*Prior Audit Finding:* This finding was previously reported in modified form in the audit report covering the calendar years ended 12/31/14 and 12/31/15.

*Recommendation:* The Connecticut Mental Health Center Foundation should comply with all statutory audit requirements.

*Foundation*

*Response:* “We were not aware of the statutory changes regarding the audit requirements and will work to ensure compliance in the future. The requirement to complete the audit within six months of year end does present a challenge to us.”

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

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

*Criteria:* The Uniform Prudent Management of Institutional Funds Act, codified in Sections 45a-535 through 45a-535i of the Connecticut 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.

*Effect:* Failure to consider the requirements of the statute 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 audit report covering the calendar years ended 12/31/14 and 12/31/15.

*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 fundraising campaign we undertook in 2016 was intended to raise money to add to our existing investment fund with the Community Foundation for Greater New Haven and not to establish a separate fund or endowment. We will review the Act and its impact on our management and use of funds.”

### **3. Board Meeting Minutes**

*Criteria:* It is standard practice for boards of directors to discuss and document the approval of the minutes of the previous meeting. This enables board members to review the minutes, as well as document and correct any inaccuracies.

*Condition:* We reviewed 5 sets of meeting minutes and noted that 3 had no documentation of approval.

*Effect:* Without approval, minutes may not accurately document matters discussed at the board meetings.

*Cause:* The cause is unknown.

*Prior Audit Finding:* This finding was previously reported in the audit report covering the calendar years ended 12/31/14 and 12/31/15.

*Recommendation:* The Connecticut Mental Health Center Foundation should improve procedures related to the approval of minutes of board meetings.

*Foundation*

*Response:*

“We are aware that the meeting minutes in question have not yet been officially approved. We have had difficulty convening a quorum required to conduct business and are exploring effective options to manage and administer our official business.”

**ACKNOWLEDGEMENT**

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

Jamie Drozdowski

**CONCLUSION**

In conclusion, we wish to express our appreciation for the courtesies shown to our representatives during the course of our audit. The assistance and cooperation extended to them by members of the Connecticut Mental Health Center Foundation greatly facilitated the conduct of this examination.



Jamie Drozdowski  
Associate Auditor

Approved:



John C. Geragosian  
State Auditor



Robert J. Kane  
State Auditor