INDEPENDENT AUDITORS' REPORT

The Board of Directors
Connecticut State University System Foundation, Inc.:

We have audited the accompanying statement of financial position of the Connecticut State University System Foundation, Inc., (the Foundation) as of June 30, 2000, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, 2000, and the change in net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Kevin P. Johnston                   Robert G. Jaekle
Auditor of Public Accounts           Auditor of Public Accounts

August 27, 2001
State Capitol
Hartford, Connecticut
<table>
<thead>
<tr>
<th>ASSETS:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 108,037</td>
</tr>
<tr>
<td>Investments</td>
<td>644</td>
</tr>
<tr>
<td>Unconditional promises to give, net</td>
<td>18,489</td>
</tr>
</tbody>
</table>

**TOTAL ASSETS** $127,170

<table>
<thead>
<tr>
<th>LIABILITIES AND NET ASSETS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Due to State of Connecticut</td>
<td>$ 6,374</td>
</tr>
</tbody>
</table>

**TOTAL LIABILITIES** $6,374

**Net Assets:**

<table>
<thead>
<tr>
<th>Net Assets:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td>38,063</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>4,922</td>
</tr>
<tr>
<td>Permanently restricted</td>
<td>77,811</td>
</tr>
</tbody>
</table>

**TOTAL NET ASSETS** 120,796

**TOTAL LIABILITIES AND NET ASSETS** $127,170

See accompanying notes to financial statements.
CONNECTICUT STATE UNIVERSITY SYSTEM FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2000

<table>
<thead>
<tr>
<th>REVENUES AND SUPPORT:</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td>$ 18,254</td>
<td>$ 350</td>
<td>$ 44,178</td>
<td>$ 62,782</td>
</tr>
<tr>
<td>Investment income</td>
<td>2,275</td>
<td>2,839</td>
<td>-</td>
<td>5,114</td>
</tr>
<tr>
<td>Unrealized gains/(losses) on investments</td>
<td>-</td>
<td>-</td>
<td>(92)</td>
<td>(92)</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Restrictions satisfied by payments</td>
<td>1,000</td>
<td>(1,000)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL REVENUES AND SUPPORT</td>
<td>21,529</td>
<td>2,189</td>
<td>44,086</td>
<td>67,804</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENSES:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program services</td>
</tr>
<tr>
<td>Scholarships</td>
</tr>
<tr>
<td>Educational and cultural</td>
</tr>
<tr>
<td>Supporting services</td>
</tr>
<tr>
<td>General and administrative</td>
</tr>
<tr>
<td>Fundraising</td>
</tr>
<tr>
<td>TOTAL EXPENSES</td>
</tr>
</tbody>
</table>

| CHANGE IN NET ASSETS | 2,114 | 2,189 | 44,086 | 48,389 |

| NET ASSETS, BEGINNING OF THE YEAR | 35,949 | 2,733 | 33,725 | 72,407 |
| NET ASSETS, END OF THE YEAR | $ 38,063 | $ 4,922 | $ 77,811 | $ 120,796 |

See accompanying notes to financial statements.
CONNECTICUT STATE UNIVERSITY SYSTEM FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2000

<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>Supporting Services</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Scholarships</td>
<td>Educational and cultural</td>
</tr>
<tr>
<td>Awards banquet</td>
<td>$ 6,338</td>
<td>$ -</td>
</tr>
<tr>
<td>Scholarships and grants</td>
<td>4,000</td>
<td>1,050</td>
</tr>
<tr>
<td>Printing and postage</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Insurance expense</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Art mural</td>
<td>-</td>
<td>1,000</td>
</tr>
<tr>
<td>Office expense</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>$ 10,338</td>
<td>$ 2,050</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets $ 48,389

Adjustments to reconcile change in net assets to net cash provided by operating activities:
  Increase in unconditional promises to give, net (15,036)
  Accounts payable 6,374
  Noncash contributions of assets 736
  Unrealized losses on investments 92

NET CASH PROVIDED BY OPERATING ACTIVITIES (9,306)

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 39,083

CASH AND CASH EQUIVALENTS--June 30, 1999 68,954
CASH AND CASH EQUIVALENTS--June 30, 2000 $ 108,037

See accompanying notes to financial statements.
NOTE 1  SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities:

The Connecticut State University System Foundation, Inc. (the Foundation), operates exclusively for
charitable and educational purposes and as such promotes, encourages and assists all forms of
education and research in the Connecticut State University System. The Foundation solicits
donations of properties, monies or securities and disburses such funds and property, or the income,
therefrom, in aiding, supplementing, improving and enlarging the educational, cultural and research
facilities and activities of the Connecticut State University.

Basis of Presentation:

The accompanying financial statements have been prepared on the accrual basis of accounting in
accordance with generally accepted accounting principles. 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:

Unrestricted net assets--Net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets--Net assets subject to donor imposed stipulations that may
or will be met, either by actions of the Foundation and/or by the passage of time. When a
restriction expires, temporarily restricted assets are reclassified to unrestricted net assets and
reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets--Net assets subject to donor-imposed stipulations that may
be maintained permanently by the Foundation. 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.

Cash and Cash Equivalents:

For financial statement purposes, the Foundation considers all funds in checking and savings
accounts to be cash equivalents.

Contributions:

Contributions, including unconditional promises to give, are recorded as made. All contributions are
available for unrestricted use unless specifically restricted by the donor. Conditional promises to
give are recognized when the contributions on which they depend are substantially met.
Unconditional promises to give due in the next year are recorded at their net realizable value.
Unconditional promises to give due in subsequent years are reported at the present value of their net
realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.
Investments:
Investments in marketable securities with readily determinable fair values are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Income Taxes:
The Foundation is exempt from Federal income taxes under Internal Revenue Code Section 501(C)(3).

NOTE 2  CONCENTRATION OF CREDIT RISK
The Foundation’s deposits are insured by the Federal Deposit Insurance Corporation up to $100,000. At June 30, 2000, there were no uninsured deposits.

NOTE 3  INVESTMENTS
Investments are stated at fair value. The cost and fair value of marketable securities held as of June 30, 2000 are $736 and 644, respectively.

NOTE 4  PROMISES TO GIVE
During the year ended June 30, 1998, the Foundation began specialized fundraising efforts in conjunction with legislation introduced in Public Act 97-293, an Act concerning advancement of public institutions of higher education, effective July 1, 1997. Section 5 of this Act requires the Board of Trustees of the Connecticut State University system to establish a permanent Endowment Fund to encourage donations from the private sector. The net earnings on the endowment principal are dedicated and made available to a State university or the Connecticut State University system as a whole, for endowed professorships, scholarships and programmatic enhancements. Section 1 creates a Higher Education State Matching Grant Fund, administered by the Department of Higher Education, to match one half of the private funds raised for those endowment funds. Section 5, Subsection (a)(2) establishes the annual maximum State grant commitment for the Connecticut State University system for the fiscal years through fiscal year 2008-2009.

Based on this new legislation, the Foundation has recognized the following amounts for the year ended June 30, 2000:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (in $)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Match receivable for calendar year 1999 contributions</td>
<td>11,618</td>
</tr>
<tr>
<td>Match receivable for calendar year 2000 contributions, through June 30, 2000</td>
<td>7,215</td>
</tr>
<tr>
<td>Total</td>
<td>18,833</td>
</tr>
</tbody>
</table>
Unconditional promises to give at June 30, 2000, are as follows:

- Receivable due in less than one year: $11,618
- Receivable due in one to five years: 7,215
- Total promises to give: 18,833
- Less: discount to net present value at 5% discount rate: (344)
- Net promises to give: $18,489

NOTE 5  TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for scholarships. Permanently restricted net assets are restricted in perpetuity, the income of which is expendable to support scholarships.

NOTE 6  NET ASSETS RELEASED FROM RESTRICTIONS

Temporarily restricted net assets were released from donor restrictions during the year by incurring expenses satisfying the restricted purpose specified by the donor. The temporarily restricted net assets were released for scholarships and awards.
INDEPENDENT AUDITORS’ REPORT ON COMPLIANCE

The Board of Directors
Connecticut State University System Foundation, Inc.:

We have audited the financial statements of the Connecticut State University System Foundation, Inc., (the Foundation) as of and for the year ended June 30, 2000, and have issued our report dated August 27, 2001.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with Sections 4-37e to 4-37j of the Connecticut General Statutes, any other laws and internal controls relevant to the Foundation is the responsibility of the Foundation's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Foundation’s compliance with Sections 4-37e to 4-37j of the Connecticut General Statutes. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such statutes. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein.
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.

Kevin P. Johnston
Auditor of Public Accounts

Robert G. Jaekle
Auditor of Public Accounts

August 27, 2001
State Capitol
Hartford, Connecticut
INDEPENDENT AUDITORS’ REPORT ON INTERNAL CONTROL BASED UPON AN AUDIT OF FINANCIAL STATEMENTS

The Board of Directors
Connecticut State University System Foundation, Inc.:

We have audited the financial statements of the Connecticut State University System Foundation, Inc. (the Foundation), as of and for the year ended June 30, 2000, and have issued our report dated August 27, 2001.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the Foundation is responsible for establishing and maintaining effective internal control. In planning and performing our audit, we considered the Foundation’s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

Our consideration of internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that would be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.
This report is intended for the information of the Board of Directors. However, this report is a matter of public record and its distribution is not limited.

Kevin P. Johnston
Auditor of Public Accounts

Robert G. Jaekle
Auditor of Public Accounts

August 27, 2001
State Capitol
Hartford, Connecticut