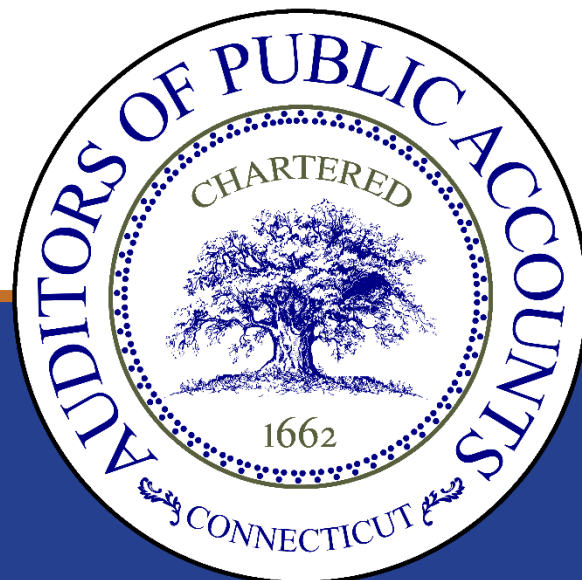


# AUDITORS' REPORT

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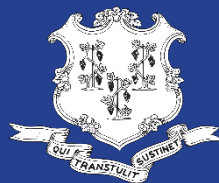
## **Governor's Residence Conservancy, Inc.**

FOR THE FISCAL YEAR ENDED JUNE 30, 2023



**STATE OF CONNECTICUT**  
Auditors of Public Accounts

**JOHN C. GERAGOSIAN**  
State Auditor



**CLARK J. CHAPIN**  
State Auditor

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# STATE OF CONNECTICUT



## AUDITORS OF PUBLIC ACCOUNTS

JOHN C. GERAGOSIAN

STATE CAPITOL  
210 CAPITOL AVENUE  
HARTFORD, CONNECTICUT 06106-1559

CLARK J. CHAPIN

December 12, 2023

### INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Governor's Residence Conservancy, Inc.:

#### Report on the Audit of the Financial Statements

##### *Opinion*

We have audited the accompanying financial statements of the Governor's Residence Conservancy, Inc. (the Conservancy), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Conservancy as of June 30, 2023, 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 Conservancy 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, 2023 as the Conservancy 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, 2020.

### ***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 Conservancy’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 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 Conservancy’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 Conservancy's ability to continue as a going concern for a reasonable period of time.

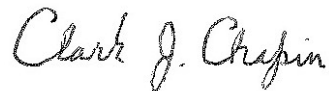
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2023, on our consideration of the Conservancy'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 Conservancy'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 Conservancy's internal control over financial reporting and compliance.



John C. Geragosian  
State Auditor



Clark J. Chapin  
State Auditor

December 12, 2023  
State Capitol  
Hartford, Connecticut

GOVERNOR'S RESIDENCE CONSERVANCY, INC.  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2023

ASSETS:	
Cash and Cash Equivalents	<u>\$ 29,074</u>
TOTAL ASSETS	<u>\$ 29,074</u>
LIABILITIES AND NET ASSETS:	
LIABILITIES:	\$ -
NET ASSETS:	
Without Donor Restrictions	<u>\$ 29,074</u>
Total Net Assets	<u>\$ 29,074</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 29,074</u>

See accompanying notes to financial statements.

GOVERNOR'S RESIDENCE CONSERVANCY, INC.  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT:			
Sales	\$ 6,045	\$ -	\$ 6,045
Contributions	1,050	-	1,050
Fundraiser Proceeds, Net	-	-	-
TOTAL REVENUES AND SUPPORT	<u>\$ 7,095</u>	<u>\$ -</u>	<u>\$ 7,095</u>
EXPENSES:			
Program Services	\$ -	\$ -	\$ -
Supporting Services			
General and Administrative	1,484	-	1,484
Fundraising	5,836	-	5,836
TOTAL EXPENSES	<u>\$ 7,320</u>	<u>\$ -</u>	<u>\$ 7,320</u>
CHANGE IN NET ASSETS	\$ (225)	\$ -	\$ (225)
NET ASSETS, BEGINNING OF YEAR	<u>\$ 29,299</u>	<u>\$ -</u>	<u>\$ 29,299</u>
NET ASSETS, END OF YEAR	<u>\$ 29,704</u>	<u>\$ -</u>	<u>\$ 29,074</u>

See accompanying notes to financial statements.

GOVERNOR'S RESIDENCE CONSERVANCY, INC.  
 STATEMENT OF FUNCTIONAL EXPENSES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Program Services</u>	<u>Supporting Services</u>		
		General and Administrative	Fundraising	Total
Filing Fees	\$ -	\$ 100	\$ -	\$ 100
Christmas Ornaments	-	-	5,836	5,386
Tax Preparation Fees	-	1,000	-	1,000
Sales Tax Remittance	-	384	-	384
TOTAL EXPENSES	<u>\$ -</u>	<u>\$ 1,484</u>	<u>\$ 5,836</u>	<u>\$ 7,320</u>

See accompanying notes to financial statements.



GOVERNOR'S RESIDENCE CONSERVANCY, INC.  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

CASH FLOW FROM OPERATING ACTIVITIES:	
Change in Net Assets	\$ (225)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (used in) Operating Activities:	
Increase in Accounts Payable	\$ -
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ (225)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>\$ -</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>\$ -</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (225)
CASH AND CASH EQUIVALENTS - JUNE 30, 2022	<u>\$ 29,299</u>
CASH AND CASH EQUIVALENTS - JUNE 30, 2023	<u>\$ 29,074</u>

See accompanying notes to financial statements.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

#### Nature of Activities:

The Governor's Residence Conservancy, Inc., (the Conservancy) is a non-profit Connecticut corporation that operates exclusively for planning, directing, and supervising the preservation, restoration, and maintenance of the Governor's residence and gardens. During the audited period, the Conservancy assisted the Department of Administrative Services in maintaining the Governor's residence. The Conservancy maintains collections of historical items, art, furniture, carpets, and miscellaneous small items. These collections are protected and preserved and held for public exhibition, education, or research. They are neither disposed of for financial gain nor encumbered in any manner. Accordingly, these collections are not capitalized for financial statement purposes. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset class. Proceeds from deaccessions can be used to acquire new items or used as direct care for existing items already in possession. Direct care is defined as costs incurred that enhance the life, usefulness, or quality of the Conservancy's collection.

#### 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 Conservancy 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 Conservancy or by the passage of time (temporarily restricted), and net assets that must be maintained permanently by the Conservancy (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 Conservancy to use all or part of the income earned on any related investments for general or specified purposes.

In September 2020, the Financial Accounting Standards Board issued ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for contributed Nonfinancial Assets, effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. The purpose of the guidance is to improve generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The Conservancy adopted this accounting standards update for the fiscal year ended June 30, 2023.

#### Cash and Cash Equivalents:

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

#### Revenue:

The sale of holiday ornaments and fundraising events were the Conservancy's primary sources of revenue during the period under review.

#### 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.

#### Sales Taxes:

The Conservancy is subject to sales tax on the sale of holiday ornaments.

#### Income Taxes:

The Conservancy 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.

#### Federal Excise Tax:

The Conservancy is a private foundation under Internal Revenue Services' regulations. Federal excise taxes are imposed on private foundations at the rate of 1% or 2% on net investment income.

#### **NOTE 2: CONCENTRATION OF CREDIT RISK**

The Conservancy's bank deposits are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2023, there were no uninsured deposits.

#### **NOTE 3: MINIMUM DISTRIBUTION**

In accordance with the Internal Revenue Code Section 4942, an organization qualifying as a private foundation must distribute, in the year received or in the year following receipt, its minimum investment return, generally 5% of the average fair market value of its aggregate noncharitable assets. The Conservancy has an excess distribution carryover at June 30, 2022 of \$4,054 which can be used to satisfy this requirement. The distribution consists of charitable purpose activities and related charitable purpose expenses.

#### **NOTE 5: EVALUATION OF SUBSEQUENT EVENTS**

The Conservancy has evaluated subsequent events through December 12, 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  
Governor's Residence Conservancy, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Governor's Residence Conservancy, Inc. (the Conservancy) which comprise the statement of financial position as of June 30, 2023, and the related statement 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 Conservancy's basic financial statements, and have issued our report thereon dated December 12, 2023.

#### Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Conservancy'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 Conservancy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Conservancy'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.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Conservancy'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*. However, we noted certain matters that we reported to the Conservancy's management in the accompanying Management Letter section of this report.

## Conservancy's Response to Findings

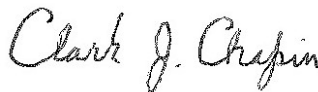
*Government Auditing Standards* requires the auditor to perform limited procedures on the Conservancy's response to the findings identified in our audit and described in the accompanying Management Letter. The Conservancy's response was not subjected to the other auditing procedures applied in the audit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

## Purpose of this 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 or on compliance. 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

December 12, 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

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

The Board of Directors  
Governor's Residence Conservancy, 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 and the standards applicable to financial audits contained in the *Government Auditing Standards*, the financial statements of the Governor's Residence Conservancy, Inc. (Conservancy), which comprise the statement of financial position as of June 30, 2023, 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 Conservancy's basic financial statements, and have issued our report thereon dated December 12, 2023.

In our opinion, except for the noncompliance described in the Basis for Opinion paragraph, the Conservancy complied in all other material respects with the provisions of Sections 4-37e to 4-37k of the Connecticut General Statutes for the fiscal year ended June 30, 2023.

#### 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 Auditors' Responsibilities section of our report. We are required to be independent of the Conservancy 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 Conservancy's compliance with the requirements of the provisions of Sections 4-37e to 4-37k of the Connecticut General Statutes.

As described in the accompanying Management Letter section of this report, the Conservancy did not comply with requirements of Section 4-37j of the General Statutes because it did not have an internal whistleblower policy.

## 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 Conservancy.

## Auditors' 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 Conservancy'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 Conservancy'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 Conservancy'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 Conservancy'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 Conservancy's internal control over compliance. Accordingly, no such opinion is expressed.

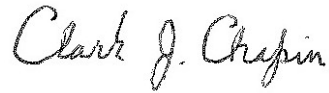
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## 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

December 12, 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  
Governor's Residence Conservancy, Inc.:

In planning and performing our audit of the financial statements of the Governor's Residence Conservancy, Inc. (the Conservancy) for the fiscal year ended June 30, 2023, we considered the Conservancy's internal control and compliance with certain provisions of laws, regulations, contracts, and grant agreements as a basis for designing our audit 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, but not for the purpose of expressing an opinion on the effectiveness of the Conservancy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Conservancy's internal control.

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 the Conservancy's internal control and improve the efficiency of its operations.

Our comments and suggestions, which have already been discussed with various personnel affiliated with the Conservancy, are summarized as follows.

## Finding 1

# Noncompliance with Foundation Statutes

<b>Criteria</b>	Section 4-37j of the General Statutes requires each foundation to develop and implement a written policy (1) for the investigation of any matter involving corruption, unethical practices, violation of state laws or regulations, mismanagement, gross waste of funds, abuse of authority, or danger to the public safety occurring in such foundation, (2) prohibiting any officer or employee of the foundation from taking or threatening to take any personnel action against any foundation employee who provides information concerning any such matter, (3) providing that any foundation employee who is found to have knowingly and maliciously made false charges concerning any such matter shall be subject to disciplinary action, up to and including dismissal, and (4) requiring the foundation to provide a copy of such policy to its employees and to periodically notify the employees of the existence of the policy.
<b>Condition</b>	The Conservancy does not have a written whistleblower policy in compliance with Section 4-37j of the General Statutes.
<b>Context</b>	A whistleblower policy is important because it provides an opportunity for an employee to confidentially disclose information that they reasonably believe is evidence of gross mismanagement; gross waste of funds; an abuse of authority; a substantial and specific danger to public health or safety; or a violation of law, rule, or regulation.
<b>Effect</b>	The Conservancy is not in compliance with statutory requirements.
<b>Cause</b>	The Conservancy thought it was not required to have a whistleblower policy because it is not a state agency.
<b>Prior Audit Finding</b>	This finding has not been previously reported.
<b>Recommendation</b>	The Governor's Residence Conservancy, Inc. should develop and implement a whistleblower policy to ensure compliance with Section 4-37j of the General Statutes.
<b>Conservancy Response</b>	"The Conservancy has developed an internal whistleblower policy to ensure compliance with Section 4-37j of the General Statutes. This policy has been implemented."

## Finding 2

# Cash Disbursements and Bank Reconciliations

### Criteria

Article V.5. of the bylaws of the Governor's Residence Conservancy, Inc. requires expenditures to be approved by the board of directors. The Conservancy's cash disbursement procedures require all expenditures to be discussed and voted on by the board prior to incurring an expense. Checks for expenditures exceeding \$1,000 must be signed by the chairperson and treasurer.

Article V.6. requires the treasurer to keep an account of all Conservancy revenues and expenditures. The Conservancy's cash disbursement procedures require it to prepare an annual bank reconciliation and year-end Statement of Changes in Net Assets.

Sound business practices require that the Conservancy promptly and accurately perform monthly checking account reconciliations.

### Condition

In our review of five expenditure transactions, totaling \$7,320, we noted one \$5,836 check that did not have a second required signature. Also, a check was voided but was not recorded in the Conservancy's ledger.

The Conservancy did not complete monthly or annual bank reconciliations or a year-end Statement of Changes in Net Assets for fiscal year 2023.

### Context

The Conservancy's total expenditures were \$7,320 during fiscal year 2023 and its checking account balance was \$29,074 on June 30, 2023. We reviewed all expenditure transactions.

### Effect

When required signatures are missing, there is risk of improper payments. Without proper bank reconciliation, the cash balance of the Conservancy's checking account may not be accurate.

When a Statement of Changes in Net Assets is not prepared, the board of directors may not have an accurate view of the Conservancy's financial position.

### Cause

The Conservancy did not follow its bylaws and cash disbursement procedure.

### Prior Audit Finding

This finding has been previously reported in the last audit report covering the fiscal years ended June 30, 2018 through 2020.

**Recommendation**

The Governor’s Residence Conservancy, Inc. should adhere to Articles V.5. and V.6. of its bylaws. The Conservancy should also improve internal controls by performing monthly bank reconciliations.

**Conservancy Response**

“The Conservancy will perform monthly bank reconciliations in accordance with its bylaws and established procedures. The Conservancy recognizes that having two authorized signatures on a check, above \$1,000, is an important internal control for cash disbursements. The Conservancy will perform an annual bank reconciliation and year-end Statement of Changes in Net Assets.”

**Finding 3****Terms of the Bylaws****Criteria**

The bylaws of the Governor’s Residence Conservancy, Inc. require the board of directors to meet three times a year at the call of the chairperson. The board must determine its meeting schedule for the calendar year at its first meeting of each year and transmit that schedule to the Secretary of the State. The board secretary’s duties include maintaining records of the board’s meetings and proceedings.

The bylaws provide that the Conservancy board of directors is composed of a chairperson, up to 11 additional directors, and three honorary directors all appointed by the Governor.

Sound business practice dictates that bylaws be updated in a timely manner.

Per the Conservancy bylaws, they have chosen to follow Section 1-225(b) of the General Statutes, which requires the schedule of certain meetings to be filed with the Secretary of the State no later than January 31st of each year.

**Condition**

There was no evidence that the Conservancy’s board of directors scheduled meetings in advance for the audited period or transmitted a schedule to the Secretary of the State.

The board held only one meeting in both 2021 and 2022 rather than the three meetings required in the bylaws.



The Conservancy did not update its bylaws, as follows:

- The bylaws reference the Department of Public Works although it was consolidated within the Department of Administrated Services in 2011.
- Based on the November 2021 meeting minutes, the board of directors unanimously agreed to decrease its membership from 11 (plus the chairperson) to four and to reduce the number of yearly meetings from three to one.

<b>Context</b>	We reviewed all of the Conservancy board minutes for calendar years 2021 and 2022 as well as the Conservancy bylaws.
<b>Effect</b>	The failure of the Conservancy to comply with and amend its bylaws diminishes its responsibilities over the Governor’s residence.
<b>Cause</b>	As a result of staffing changes, the board of directors did not comply with its bylaws or amend them to reflect new information and policies.
<b>Prior Audit Finding</b>	This finding has been previously reported in the last five audit reports covering the fiscal years ended June 30, 2009, through 2020.
<b>Recommendation</b>	The Board of Directors of the Governor’s Residence Conservancy, Inc. should adhere to the Conservancy’s bylaws and should amend them to reflect new information and policies.
<b>Conservancy Response</b>	“The Conservancy has developed and approved amended bylaws to reflect new information and policies that will be adhered to by the Board of Directors. These changes include that the Board of Directors will meet at least once per year instead of three times per year, decreases its membership from 11 (plus the chairperson) to at least 4 (plus the chairperson) and replaces references to the Department of Public Works to the Department of Administrative Services. The meeting notice(s) and minutes will be posted as per State law.”

# STATUS OF PRIOR AUDIT RECOMMENDATIONS

Our [prior audit report](#) on the Governor’s Residence Conservancy, Inc. contained two recommendations, of which both are repeated during the current audit.

<b>Prior Recommendation</b>	<b>Current Status</b>
The Board of Directors of the Governor’s Residence Conservancy, Inc. should adhere to the Conservancy’s bylaws, and should amend them to reflect new information and policies.	 Recommendation 3
The Governor’s Residence Conservancy, Inc. should adhere to its bylaws and established procedures. The Conservancy should also strengthen its internal controls to ensure the proper maintenance and reconciliation of bank account records.	 Recommendation 2

# 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 Governor's Residence Conservancy, Inc. during the course of our examination.

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

Jaimey Makie

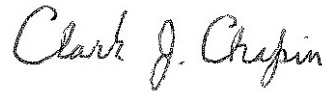


Jaimey Makie  
Associate Auditor

Approved:



John C. Geragosian  
State Auditor



Clark J. Chapin  
State Auditor