

**CONNECTICUT COMMUNITY FOUNDATION, INC.  
AND AFFILIATED SUPPORTING ORGANIZATION**

**CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2022 AND 2021**



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**CONNECTICUT COMMUNITY FOUNDATION, INC.  
AND AFFILIATED SUPPORTING ORGANIZATION  
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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Connecticut Community Foundation, Inc.  
and Affiliated Supporting Organization  
Waterbury, Connecticut

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

#### ***Opinion***

We have audited the accompanying consolidated financial statements of Connecticut Community Foundation, Inc. and Affiliated Supporting Organization, which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Connecticut Community Foundation, Inc. and Affiliated Supporting Organization as of December 31, 2022 and 2021, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Connecticut Community Foundation, Inc. and Affiliated Supporting Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Connecticut Community Foundation, Inc. and Affiliated Supporting Organization's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS, 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 Connecticut Community Foundation, Inc. and Affiliated Supporting Organization'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 Connecticut Community Foundation, Inc. and Affiliated Supporting Organization'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.

Board of Trustees  
Connecticut Community Foundation, Inc.  
and Affiliated Supporting Organization

***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The December 31, 2022, consolidating statement of financial position – supplemental disclosure and the consolidating statement of activities – supplemental disclosure are presented for the purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

West Hartford, Connecticut  
May 18, 2023

**CONNECTICUT COMMUNITY FOUNDATION, INC.  
AND AFFILIATED SUPPORTING ORGANIZATION  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 3,268,539	\$ 2,933,899
Investments	136,274,601	164,047,050
Contributions Receivable	83,246	28,958
Property and Equipment, Net	9,651	12,258
Other Assets	<u>511,245</u>	<u>511,245</u>
Total Assets	<u><u>\$ 140,147,282</u></u>	<u><u>\$ 167,533,410</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 54,458	\$ 53,511
Grants Payable	92,487	533,557
Liabilities Under Split-Interest Agreements	107,315	196,971
Funds Held as Agency Endowments	<u>6,778,412</u>	<u>7,762,776</u>
Total Liabilities	<u>7,032,672</u>	<u>8,546,815</u>
<b>NET ASSETS</b>		
Net Assets Without Donor Restrictions	130,884,019	158,598,511
Net Assets With Donor Restrictions	<u>2,230,591</u>	<u>388,084</u>
Total Net Assets	<u>133,114,610</u>	<u>158,986,595</u>
Total Liabilities and Net Assets	<u><u>\$ 140,147,282</u></u>	<u><u>\$ 167,533,410</u></u>

See accompanying Notes to Consolidated Financial Statements.

**CONNECTICUT COMMUNITY FOUNDATION, INC.  
AND AFFILIATED SUPPORTING ORGANIZATION  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021
<b>REVENUE, SUPPORT, AND OTHER CHANGES</b>		
Contributions and Gifts, Net of Agency		
Endowment Contributions and Gifts	\$ 4,577,483	\$ 6,007,694
Investment Income, Gains and Losses, Net	(22,949,134)	19,578,763
Miscellaneous Income	112,260	185,895
Change in Value of Split-Interest Agreements	(6,789)	(5,747)
Net Assets Released From Restrictions	623,598	-
Total Revenue, Support, and Other Changes	(17,642,582)	25,766,605
<b>EXPENSES</b>		
Program Services:		
Grants, Net of Agency Endowment Grants	7,480,125	6,662,536
Other Program Service Expenses	1,416,001	1,273,568
Total Program Services	8,896,126	7,936,104
Supporting Services:		
Management and General	803,674	756,488
Fundraising	372,110	296,807
Total Supporting Services	1,175,784	1,053,295
Total Expenses	10,071,910	8,989,399
Change In Net Assets Without Donor Restrictions	(27,714,492)	16,777,206
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
Contributions and Gifts	2,387,185	125,000
Investment Income, Gains and Losses, Net	28,235	(1)
Change in Value of Split-Interest Agreements	50,685	(16,460)
Net Assets Released From Restrictions	(623,598)	-
Change in Net Assets With Donor Restrictions	1,842,507	108,539
<b>CHANGE IN NET ASSETS</b>	(25,871,985)	16,885,745
Net Assets - Beginning of Year	158,986,595	142,100,850
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 133,114,610</u>	<u>\$ 158,986,595</u>

See accompanying Notes to Consolidated Financial Statements.

**CONNECTICUT COMMUNITY FOUNDATION, INC.  
AND AFFILIATED SUPPORTING ORGANIZATION  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2022**

	Program Services	Management and General	Fundraising	Total
Grants, Net of Agency Endowment Grants	\$ 7,480,125	\$ -	\$ -	\$ 7,480,125
Salaries and Wages	798,071	400,327	210,419	1,408,817
Employee Benefits	114,960	50,532	28,328	193,820
Payroll Taxes	59,220	28,381	15,316	102,917
Pension Plan Contributions	53,447	27,669	15,301	96,417
Nonprofit Outreach	57,624	29,015	15,169	101,808
Consultants	96,652	48,668	25,444	170,764
Occupancy	60,291	30,359	15,872	106,522
Professional Services	-	76,148	-	76,148
Information Technology	50,223	25,289	13,221	88,733
Office Expense	28,704	14,453	7,556	50,713
Conferences, Conventions, and Meetings	37,432	18,848	9,854	66,134
Marketing and Communication Expenses	33,919	17,079	8,929	59,927
Insurance	-	19,568	-	19,568
Other Expenses	25,458	12,819	6,701	44,978
Depreciation	-	4,519	-	4,519
	<u>-</u>	<u>4,519</u>	<u>-</u>	<u>4,519</u>
Total	<u>\$ 8,896,126</u>	<u>\$ 803,674</u>	<u>\$ 372,110</u>	<u>\$ 10,071,910</u>

See accompanying Notes to Consolidated Financial Statements.



**CONNECTICUT COMMUNITY FOUNDATION, INC.  
AND AFFILIATED SUPPORTING ORGANIZATION  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2021**

	Program Services	Management and General	Fundraising	Total
Grants, Net of Agency Endowment Grants	\$ 6,662,536	\$ -	\$ -	\$ 6,662,536
Salaries and Wages	722,752	369,278	171,949	1,263,979
Employee Benefits	97,636	44,941	18,631	161,208
Payroll Taxes	58,289	23,329	11,748	93,366
Pension Plan Contributions	49,347	24,915	12,322	86,584
Nonprofit Outreach	81,434	41,571	19,362	142,367
Consultants	75,252	38,415	17,892	131,559
Occupancy	53,100	27,107	12,625	92,832
Professional Services	-	78,107	-	78,107
Information Technology	43,290	22,099	10,293	75,682
Office Expense	32,519	16,601	7,732	56,852
Conferences, Conventions, and Meetings	26,954	13,760	6,409	47,123
Marketing and Communication Expenses	18,950	9,674	4,506	33,130
Insurance	-	29,316	-	29,316
Other Expenses	14,045	7,170	3,338	24,553
Depreciation	-	10,205	-	10,205
	<u>-</u>	<u>10,205</u>	<u>-</u>	<u>10,205</u>
Total	<u>\$ 7,936,104</u>	<u>\$ 756,488</u>	<u>\$ 296,807</u>	<u>\$ 8,989,399</u>

See accompanying Notes to Consolidated Financial Statements.

**CONNECTICUT COMMUNITY FOUNDATION, INC.  
AND AFFILIATED SUPPORTING ORGANIZATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (25,871,985)	\$ 16,885,745
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided (Used) by Operating Activities:		
Depreciation	4,519	10,205
Net Realized and Unrealized (Gains) Losses on Investments	26,467,720	(15,573,725)
(Increase) Decrease in Operating Assets:		
Contributions Receivable	(54,288)	689,020
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Expenses	947	7,119
Grants Payable	(441,070)	419,057
Liabilities Under Split-Interest Agreements	(89,656)	30,119
Funds Held as Agency Endowments	(984,364)	1,075,583
Net Cash Provided (Used) by Operating Activities	<u>(968,177)</u>	<u>3,543,123</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sales of Investments	6,446,096	19,062,678
Purchases of Investments	(5,141,367)	(24,325,974)
Purchases of Property and Equipment	(1,912)	(6,498)
Net Cash Provided (Used) by Investing Activities	<u>1,302,817</u>	<u>(5,269,794)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	334,640	(1,726,671)
Cash and Cash Equivalents - Beginning of Year	<u>2,933,899</u>	<u>4,660,570</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 3,268,539</u></u>	<u><u>\$ 2,933,899</u></u>

See accompanying Notes to Consolidated Financial Statements.

**CONNECTICUT COMMUNITY FOUNDATION, INC.  
AND AFFILIATED SUPPORTING ORGANIZATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 1 ORGANIZATION**

Connecticut Community Foundation, Inc. (the Community Foundation), founded in 1923, is a Connecticut nonprofit, nonstock corporation for public giving that makes grants to charitable organizations and awards individual scholarships primarily in the Greater Waterbury and Litchfield Hills region. The Community Foundation receives contributions from individuals and businesses primarily in the Greater Waterbury and Litchfield Hills region.

**Principles of Consolidation**

The consolidated financial statements present the consolidated financial position, statement of activities and cash flows of the Foundation and the following affiliated supporting organization (collectively the Foundation):

In 2019, the Waterbury Hospital Foundation, Inc. (WHF) was created and the Community Foundation was named the sole member. WHF is a separate legal entity established under the provisions of Section 509(a)(3) of the Internal Revenue Code (IRC) and is a Type I supporting organization. As defined by the Internal Revenue Service, a Type I supporting organization is controlled by the Community Foundation through operation, supervision or control by appointing the majority of the supporting organization's board members.

All material inter-organization balances and transactions have been eliminated in the preparation of the accompanying consolidated financial statements.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Adoption of New Accounting Standards**

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (ASC 842)*. The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. Leases were not material to the financial statements and not recalculated under ASC 842.

**Basis of Accounting and Presentation**

The Foundation prepares its consolidated financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, the accounts of the Foundation are reported in the following categories:

*Net Assets Without Donor Restrictions* – Net assets without donor restrictions represent available resources other than donor-restricted contributions. These resources may be expended at the discretion of the board of trustees. The board of trustees has designated net assets without donor restrictions to function as an endowment.

**CONNECTICUT COMMUNITY FOUNDATION, INC.  
AND AFFILIATED SUPPORTING ORGANIZATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting and Presentation (Continued)**

*Net Assets With Donor Restrictions* – Net assets with donor restrictions represent contributions that are restricted by the donor as to purpose or time of expenditure.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents**

For purposes of the consolidated statements of financial position and cash flows, the Foundation considers all cash, cash on hand and certificates of deposit with original maturities of 90 days or less to be cash equivalents. The Foundation maintains deposits in financial institutions that may, at times, exceed federal depository insurance limits. Management believes that the Foundation's deposits are held by high-quality financial institutions and are not subject to significant credit risk.

**Investments**

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses include the Foundation's gains and losses on investments bought and sold as well as held during the year.

The Foundation maintains master investment accounts for its funds. Interest, dividends, realized and unrealized gains and losses from securities, and related expenses in the pooled investment accounts are calculated and allocated quarterly to all of the donor funds based on the relationship of the market value of each fund to the total market value of the pooled investment accounts, as adjusted for additions to or distributions from those accounts.

**Property and Equipment**

Office equipment is stated at cost or donated value. Depreciation is provided using the straight-line method over the estimated useful lives of the assets: five to seven years for office equipment. Expenditures for major renewals and betterments greater than \$1,500 that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

**CONNECTICUT COMMUNITY FOUNDATION, INC.  
AND AFFILIATED SUPPORTING ORGANIZATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Other Assets**

Other assets consist of contributed artwork and copyrights for artwork, which are valued at appraised value, which approximates fair value at year-end.

**Split-Interest Agreements**

The Foundation's split-interest agreements with donors consist of charitable gift annuities and pooled life income funds. Assets are invested and payments are made to donors and/or other beneficiaries in accordance with the respective agreements.

A charitable gift annuity is a contract between a donor and the Foundation in which the donor contributes assets to the Foundation and in exchange receives a lifetime income stream from the fund. The present value of the actuarially determined payouts to these beneficiaries is presented as a liability in the Foundation's consolidated financial statements. The change in value of the charitable gift annuity is included in revenue, support and other changes without donor restrictions on the consolidated statements of activities.

A pooled income fund invests, as a group, contributions from donors' life income gifts. Donors or designated beneficiaries are assigned a specific number of units based on the proportion of the fair value of their contributions to the total fair value of the fund. The donor or designated beneficiary is paid the actual income earned on the donor or designated beneficiary's assigned units. Upon the death of a donor or designated beneficiary, the value of the units assigned to that donor or designated beneficiary reverts to the Foundation. The pooled income funds are discounted using an annual rate of return of 7.26% and 7.11% at December 31, 2022 and 2021, respectively, and are based upon the life expectancy of each donor or designated beneficiary, which is determined using actuarial tables. The rate of return used is the risk-free rate of return in existence on the date of the gift. The change in value of the pooled income fund is included in change in net assets with donor restrictions on the consolidated statements of activities.

**Funds Held as Agency Endowment**

The Foundation receives and distributes assets under agency endowment agreements that have been established by a nonprofit from its own resources for the sole purpose of supporting that specific nonprofit's operations. Amounts received under these relationships totaled \$350,977 and \$440,483 in 2022 and 2021, respectively. Amounts granted under these relationships totaled \$162,963 and \$156,155 in 2022 and 2021, respectively.

The amounts held as agency endowment funds totaled \$6,778,412 and \$7,762,776 at December 31, 2022 and 2021, respectively, and are included in the consolidated statements of financial position in investments at fair value with an offsetting liability.

**CONNECTICUT COMMUNITY FOUNDATION, INC.  
AND AFFILIATED SUPPORTING ORGANIZATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Spending Policy**

The Foundation has adopted a spending policy designated specifically to stabilize annual spending levels and give careful consideration of Connecticut's UPMIFA regulations (§45a-535c of the Conn. Gen Statutes) and include such factors as preservation of the fund, general economic conditions, inflation or deflation, the expected total return from income and the appreciation of investments. The policy applies to all endowment funds, unless the donor has expressed a different intent in writing. The Foundation's spending payout rate is 5.25% - 5.75% for 2022 and 2021. This percentage is reviewed and approved annually by the board of trustees. Distributions for grants are calculated on the average of the 12 trailing quarters ending one year prior to the beginning of each current year. The spending rate

includes distributions for grants to the community, the Foundation's action grants, administrative fee and investment management fee.

**Contributions**

Unconditional contributions are recognized when pledged or received, as applicable, and are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions receivable expected to be collected in more than one year are discounted to their present value. The Foundation reports contributions and grants of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Contributions received whose restrictions are met in the same period are presented with net assets without donor restrictions. Promises to give that are subject to donor-imposed conditions (i.e., a donor stipulation that includes a barrier that must be overcome and a right of return of assets) are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

Conditional contributions not recognized as revenue as of December 31, 2022 and 2021 totaled \$-0- and \$375,000, respectively. Contributions are conditioned on meeting certain barriers.

The Foundation was notified that it was named as a beneficiary of several estates. As of December 31, 2022, the estates were still in the probate administration process. The amounts to be received cannot be reasonably estimated as of the date of this report, and as a result, the receivable and revenue related to these estates have not been recorded.

**CONNECTICUT COMMUNITY FOUNDATION, INC.  
AND AFFILIATED SUPPORTING ORGANIZATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Grants**

Grants are recorded when approved by the board of trustees. Payments are made when all conditions have been satisfied by the recipient. As of December 31, 2022 and 2021, the Foundation was unaware of any material conditions on grants that are unlikely to be satisfied during the approved grant period. Refunds occur when the recipient's needs are less than the appropriated amount or when the grantee does not meet the grant requirements. For the years ended December 31, 2022 and 2021, there were no refunded grants. Refunded grants are reported as a reduction of grants in the period in which they are refunded. Grants authorized but unpaid at year-end are reported as liabilities.

**Functional Allocation of Expenses**

The costs of providing various programs and other activities have been reported on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses are allocated based on time and effort and usage.

**Income Taxes**

The Community Foundation and WHF are exempt from federal income taxes under Section 501(c)(3) of the IRC; however, the Community Foundation is subject to federal income tax on any unrelated business taxable income.

**Leases**

The Foundation leases its office facility. The Foundation determines if an arrangement is a lease at inception.

ROU assets represent the Foundation's right to use an underlying asset for the lease term and lease liabilities represent the Foundation's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Leases were not material to the financial statements and not recalculated under ASC 842.

**Subsequent Events**

In preparing these consolidated financial statements, management has evaluated subsequent events through May 18, 2023, which represents the date the consolidated financial statements were available to be issued.

**CONNECTICUT COMMUNITY FOUNDATION, INC.  
AND AFFILIATED SUPPORTING ORGANIZATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 3 FAIR VALUE MEASUREMENTS**

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

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

*Level 2* – Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in inactive markets;
- Inputs other than quoted prices that are observable for the asset;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset.

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

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value at December 31, 2022 and 2021:

*Money Market, Exchange Traded Funds, Mutual Funds, and Other Assets* – Money market, exchange traded funds, mutual funds and other assets are valued at the quoted price of shares held by the Foundation at year-end. Other interests are valued using net asset value as determined by the investment manager.

There have been no changes in the methodologies used at December 31, 2022 and 2021.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.



**CONNECTICUT COMMUNITY FOUNDATION, INC.  
AND AFFILIATED SUPPORTING ORGANIZATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)**

The following tables set forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31:

2022					
	Level 1	Level 2	Level 3	Investments Measured at Net Asset Value (1)	Total
Investments:					
Money Market Funds	\$ 3,901,887	\$ -	\$ -	\$ -	\$ 3,901,887
Exchange-Traded Funds	8,730,844	-	-	-	8,730,844
Mutual Funds:					
Large Blend	51,081,116	-	-	-	51,081,116
International					
Large Blend	24,662,172	-	-	-	24,662,172
World Allocation	1,506,198	-	-	-	1,506,198
Multi-Alternative	2,564,454	-	-	-	2,564,454
Real Estate	931,436	-	-	-	931,436
Tactical Allocation	1,348,988	-	-	-	1,348,988
Large Cap	27,629	-	-	-	27,629
Miscellaneous Other	29,472	-	-	-	29,472
International Developed	9,652	-	-	-	9,652
Commodities	863,575	-	-	-	863,575
Fixed Income	31,384,980	-	-	-	31,384,980
Other Assets	-	-	-	9,232,198	9,232,198
Total	<u>\$ 127,042,403</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,232,198</u>	<u>\$ 136,274,601</u>
2021					
	Level 1	Level 2	Level 3	Investments Measured at Net Asset Value (1)	Total
Investments:					
Money Market Funds	\$ 1,687,795	\$ -	\$ -	\$ -	\$ 1,687,795
Exchange-Traded Funds	11,289,195	-	-	-	11,289,195
Mutual Funds:					
Large Blend	67,069,366	-	-	-	67,069,366
International					
Large Blend	29,378,628	-	-	-	29,378,628
World Allocation	1,982,311	-	-	-	1,982,311
Multi-Alternative	1,944,743	-	-	-	1,944,743
Real Estate	895,735	-	-	-	895,735
Tactical Allocation	1,983,664	-	-	-	1,983,664
Large Cap	63,982	-	-	-	63,982
Miscellaneous Other	101,176	-	-	-	101,176
International Developed	31,413	-	-	-	31,413
Commodities	1,017,603	-	-	-	1,017,603
Fixed Income	37,952,590	-	-	-	37,952,590
Other Assets	-	-	-	8,648,849	8,648,849
Total	<u>\$ 155,398,201</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,648,849</u>	<u>\$ 164,047,050</u>

(1) 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 these tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

**CONNECTICUT COMMUNITY FOUNDATION, INC.  
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**NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)**

There were no transfers between levels of investments during the years ended December 31, 2022 and 2021.

The following table discloses certain additional information as of December 31 related to the Foundation's investments as described above that use net asset value per share and are not traded in an active market:

	Fair Value 2022	Unfunded Commitments	Redemption Terms	Redemption Restrictions
Other	<u>\$ 9,232,198</u>	<u>\$ -</u>	Monthly/Quarterly	5-100 Days Notice
	Fair Value 2021	Unfunded Commitments	Redemption Terms	Redemption Restrictions
Other	<u>\$ 8,648,849</u>	<u>\$ -</u>	Monthly/Quarterly	5-100 Days Notice

**NOTE 4 PROPERTY AND EQUIPMENT**

Property and equipment consist of the following as of December 31:

	2022	2021
Office Equipment	49,506	47,594
Less: Accumulated Depreciation	39,855	35,336
Property and Equipment, Net	<u>\$ 9,651</u>	<u>\$ 12,258</u>

Depreciation expense was \$4,519 and \$10,205 for the years ended December 31, 2022 and 2021, respectively.

**NOTE 5 LIQUIDITY AND AVAILABILITY OF RESOURCES**

The Foundation's financial assets available within one year of the consolidated statements of financial position date for general expenditure are as follows:

	2022	2021
Cash and Cash Equivalents	\$ 3,268,539	\$ 2,933,899
Investments	127,265,598	155,896,189
Contributions Receivable	<u>83,246</u>	<u>28,958</u>
Total Financial Assets Available to Management for General Expenditures Within One Year	<u>\$ 130,617,383</u>	<u>\$ 158,859,046</u>

**CONNECTICUT COMMUNITY FOUNDATION, INC.  
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**NOTE 5 LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)**

**Liquidity Management**

The Foundation maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. Under the Foundation's spending policy and in conjunction with the annual budget approval process, \$4,211,337 has been approved for appropriation from the endowment for general expenditures in the subsequent year. This amount is included within the investments balance of \$127,265,598 reported above.

**NOTE 6 ENDOWMENT AND VARIANCE POWER**

The Foundation's endowment consists of approximately 500 individual funds established for a variety of purposes. Its endowment includes donor-advised funds, donor-designated funds and funds designated by the board of trustees to function as endowments. The board of trustees of the Foundation has the power to redirect the use of a donor's contribution to another beneficiary. Such endowment funds are subject to variance power pursuant to Sections 1.170A-9(e)(11)(v)(B), (C) and (D) of the IRC.

As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The board of trustees of the Foundation has interpreted the Connecticut Uniform Prudent Management of Institutional Funds Act (CTUPMIFA) and concluded that the impact of such adoption was negligible on the presentation of the Foundation's consolidated financial statements given the existing governing documents' inclusion of variance power, the unilateral power to redirect the use of a contribution for another charitable purpose and ability to modify any restriction on distribution of funds. The criteria and circumstances under which the board of trustees of the Foundation would exercise the powers are prescribed in the by-laws of the Foundation.

As a result of this responsibility under the by-laws, all contributions not classified as with donor restrictions are classified as net assets without donor restrictions for financial statement purposes. Net assets with donor restrictions consist of pooled income funds, which are classified as split-interest agreements. Accordingly, the Foundation's consolidated financial statements classify substantially all net assets as without donor restrictions; however, all recordkeeping for internal management and external reporting retains the original donor intent and historical gift value for every charitable asset within the Foundation.

**CONNECTICUT COMMUNITY FOUNDATION, INC.  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 6 ENDOWMENT AND VARIANCE POWER (CONTINUED)**

**Interpretation of Relevant Law**

The spending policy and philosophy contained in the Foundation's Investment Committee Policies and Procedures, including the long-term investment management policies and procedures constructed based on the by-laws, were designed to function as integrated processes and are administered to reflect the following factors, as described in CTUPMIFA, for prudent stewards of charitable assets, including:

1. The duration and preservation of a fund;
2. The purpose of the organization and the donor designations thereto;
3. General economic conditions;
4. The possible effects of inflation and deflation;
5. The expected total return of the charitable assets;
6. Other resources of the organization; and
7. The investment policies.

Changes in endowment net assets without donor restrictions for the years ended December 31 are as follows:

Endowment Net Assets - January 31, 2021	\$ 139,832,965
Investment Return:	
Investment Income	4,045,497
Investment Management Fees	(40,460)
Unrealized Gains	15,037,250
Realized Gains	530,729
Total Investment Return	<u>19,573,016</u>
Contributions	4,194,192
Expenditure of Discretionary Endowment Funds	<u>(7,570,562)</u>
Endowment Net Assets - December 31, 2021	156,029,611
Investment Return:	
Investment Income	3,569,879
Investment Management Fees	(45,704)
Unrealized Losses	(28,011,493)
Realized Gains	1,538,184
Total Investment Return	<u>(22,949,134)</u>
Contributions	3,638,188
Expenditure of Discretionary Endowment Funds	<u>(8,807,266)</u>
Endowment Net Assets - December 31, 2022	<u><u>\$ 127,911,399</u></u>

**CONNECTICUT COMMUNITY FOUNDATION, INC.  
AND AFFILIATED SUPPORTING ORGANIZATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available for the following purpose or time periods at December 31:

	2022	2021
Pooled Income Funds	\$ 14,670	\$ 263,085
Waterbury Promise	2,215,921	124,999
Total	<u>\$ 2,230,591</u>	<u>\$ 388,084</u>

Net assets with donor restrictions were released by satisfying the following purpose or time periods at December 31:

	2022	2021
Pooled Income Funds	\$ 299,100	\$ -
Waterbury Promise	324,498	-
Total	<u>\$ 623,598</u>	<u>\$ -</u>

**NOTE 8 OPERATING LEASE**

The Foundation leases office space in Waterbury, Connecticut, under a lease that expires September 30, 2025, with monthly payments of \$4,984. Rental expense for 2022 and 2021 was \$59,508 and \$56,208, respectively. Leases were not material to the financial statements and not recalculated under ASC 842. At December 31, 2022, aggregate future minimum rental payments due under noncancelable operating leases consisted of the following:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 59,808
2024	59,808
2025	44,856
Total	<u>\$ 164,472</u>

During 2022 and 2021, the Foundation subleased a portion of its office space for \$300 per month under a sublease agreement with optional annual renewal. The lease was renewed for one year but expired on January 30, 2022. Sublease income was \$300 and \$3,600 for the years ended December 31, 2022 and 2021, respectively.

**CONNECTICUT COMMUNITY FOUNDATION, INC.  
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**NOTE 9    DEFINED CONTRIBUTION RETIREMENT PLAN**

The Foundation has a defined contribution retirement plan as defined under Section 403(b) of the IRC. The plan provides for elective employee salary reduction contributions subject to IRC limits and for discretionary employer match and nonelective contributions. Any eligible employee may participate in salary reduction contributions as of the date of employment. All eligible employees who have completed one year of service and have reached the age of 21 are eligible to participate in nonsalary reduction employer contributions. Employees are fully vested upon entry into the plan. Employer contributions to the plan totaled \$96,417 and \$86,584 in 2022 and 2021, respectively.

**NOTE 10    WATERBURY PROMISE**

On December 10, 2021, Connecticut Community Foundation, Inc. entered into an agreement to provide fiscal sponsorship to Waterbury Promise, Inc., allowing the project to use Connecticut Community Foundation, Inc.'s 501(c)(3) status in accordance with Internal Revenue Service (IRS) regulations governing such arrangements. In addition to its 501(c)(3) status, Connecticut Community Foundation, Inc. provides certain oversight and recordkeeping services.

The project's activity generated net income of \$2,090,922 and \$124,999 as of December 31, 2022 and December 31, 2021, respectively.

**CONNECTICUT COMMUNITY FOUNDATION, INC.  
AND AFFILIATED SUPPORTING ORGANIZATION  
CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2022  
(SEE INDEPENDENT AUDITORS' REPORT)**

	Connecticut Community Foundation	Waterbury Hospital Foundation	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 3,152,229	\$ 116,310	\$ 3,268,539
Investments	125,738,178	10,536,423	136,274,601
Contributions Receivable	83,246	-	83,246
Property and Equipment, Net	9,651	-	9,651
Other Assets	511,245	-	511,245
	<u>511,245</u>	<u>-</u>	<u>511,245</u>
Total Assets	<u>\$ 129,494,549</u>	<u>\$ 10,652,733</u>	<u>\$ 140,147,282</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES</b>			
Accounts Payable and Accrued Expenses	\$ 54,458	\$ -	\$ 54,458
Grants Payable	92,487	-	92,487
Liabilities Under Split-Interest Agreements	107,315	-	107,315
Funds Held as Agency Endowments	6,778,412	-	6,778,412
Total Liabilities	<u>7,032,672</u>	<u>-</u>	<u>7,032,672</u>
<b>NET ASSETS</b>			
Net Assets Without Donor Restrictions	120,231,286	10,652,733	130,884,019
Net Assets With Donor Restrictions	2,230,591	-	2,230,591
Total Net Assets	<u>122,461,877</u>	<u>10,652,733</u>	<u>133,114,610</u>
Total Liabilities and Net Assets	<u>\$ 129,494,549</u>	<u>\$ 10,652,733</u>	<u>\$ 140,147,282</u>

**CONNECTICUT COMMUNITY FOUNDATION, INC.  
AND AFFILIATED SUPPORTING ORGANIZATION  
CONSOLIDATING STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2022  
(SEE INDEPENDENT AUDITORS' REPORT)**

	Connecticut Community Foundation	Waterbury Hospital Foundation	Adjustments and Eliminations	Total
<b>REVENUE, SUPPORT, AND OTHER CHANGES</b>				
Contributions and Gifts, Net of Agency				
Endowment Contributions and Gifts	4,577,483	-	-	4,577,483
Investment Income, Gains and Losses, Net	(20,296,931)	(2,652,203)	-	(22,949,134)
Miscellaneous Income	294,834	-	(182,574)	112,260
Change in Value of				
Split-Interest Agreements	(6,789)	-	-	(6,789)
Net Assets Released From Restrictions	623,598	-	-	623,598
Total Revenue, Support, and Other Changes	(14,807,805)	(2,652,203)	(182,574)	(17,642,582)
<b>EXPENSES</b>				
Program Services:				
Grants, Net of Agency Endowment Grants	7,472,650	7,475	-	7,480,125
Other Program Service Expenses	1,416,001	-	-	1,416,001
Total Program Services	8,888,651	7,475	-	8,896,126
Supporting Services:				
Management and General	779,524	206,724	(182,574)	803,674
Fundraising	372,110	-	-	372,110
Total Supporting Services	1,151,634	206,724	(182,574)	1,175,784
Total Expenses	10,040,285	214,199	(182,574)	10,071,910
Change in Net Assets Without Donor Restrictions	(24,848,090)	(2,866,402)	-	(27,714,492)
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>				
Contributions and Gifts	2,387,185	-	-	2,387,185
Investment Income, Gains and Losses, Net	28,235	-	-	28,235
Change in Value of				
Split-Interest Agreements	50,685	-	-	50,685
Net Assets Released From Restrictions	(623,598)	-	-	(623,598)
Change in Net Assets With Donor Restrictions	1,842,507	-	-	1,842,507
<b>CHANGE IN NET ASSETS</b>	(23,005,583)	(2,866,402)	-	(25,871,985)
Net Assets - Beginning of Year	145,467,460	13,519,135	-	158,986,595
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 122,461,877</u>	<u>\$ 10,652,733</u>	<u>\$ -</u>	<u>\$ 133,114,610</u>