

**THE CONNECTICUT FUND FOR THE ENVIRONMENT, INC.**

September 30, 2018 and 2017

- I. Financial Statements
- II. Reports in Accordance with *Government Auditing Standards*
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# THE CONNECTICUT FUND FOR THE ENVIRONMENT, INC.

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September 30, 2018 and 2017

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## **I. FINANCIAL STATEMENTS**

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
The Connecticut Fund for the Environment, Inc.

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

We have audited the accompanying financial statements of The Connecticut Fund for the Environment, Inc. ("Connecticut Fund"), which comprise the statements of financial position as of September 30, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Connecticut Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Connecticut Fund's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Connecticut Fund for the Environment, Inc. as of September 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended are in accordance with accounting principles generally accepted in the United States of America.

## **Supplementary and Other Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedules of financial position, activities and cash flows for The Connecticut Fund for the Environment, Inc. are presented for additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations (“CFR”) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Act, are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2019 on our consideration of The Connecticut Fund for the Environment, Inc.’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Connecticut Fund for the Environment, Inc.’s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Whittlesey PC". The signature is written in a cursive, flowing style.

Hartford, Connecticut  
March 14, 2019

# THE CONNECTICUT FUND FOR THE ENVIRONMENT, INC.

## Statements of Financial Position

September 30, 2018 and 2017

	2018	2017
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 181,377	\$ 62,864
Cash and cash equivalents - restricted	948,859	668,190
	1,130,236	731,054
Grants and accounts receivable	512,569	150,658
Promises to give	1,047,150	543,770
Prepaid expenses	43,426	76,425
Total current assets	2,733,381	1,501,907
Non-current assets:		
Promises to give, long term, net	340,363	163,462
Marketable securities	4,935,203	4,451,443
Furniture and equipment, net	63,734	74,718
Charitable remainder trust	2,008,228	1,952,188
Beneficial interest in perpetual trust	919,920	952,551
Total non-current assets	8,267,448	7,594,362
Total assets	\$ 11,000,829	\$ 9,096,269
 <b>Liabilities and Net Assets</b>		
Current liabilities:		
Line of credit	\$ 149,700	\$ 150,000
Accounts payable	77,027	40,069
Accrued expenses	168,663	132,345
Refundable advances	57,692	-
Total current liabilities	453,082	322,414
Net assets:		
Unrestricted	1,822,019	1,504,584
Temporarily restricted	4,528,326	4,039,238
Permanently restricted	4,197,402	3,230,033
Total net assets	10,547,747	8,773,855
Total liabilities and net assets	\$ 11,000,829	\$ 9,096,269

The accompanying notes are an integral part of the financial statements.

# THE CONNECTICUT FUND FOR THE ENVIRONMENT, INC.

## Statement of Activities

For the year ended September 30, 2018

	Unrestricted	Temporarily	Permanently	Total
Support and revenues:				
Membership fees				
and contributions	\$ 1,555,773	\$ 2,157,776	\$ 1,000,000	\$ 4,713,549
Government grants	1,219,847	-	-	1,219,847
Interest and dividends	29,140	62,128	-	91,268
Net assets released from				
prior years' restrictions	2,102,914	(2,102,914)	-	-
Total support and revenues	4,907,674	116,990	1,000,000	6,024,664
Expenses:				
Program	3,349,106	-	-	3,349,106
Management and general	688,142	-	-	688,142
Fundraising	692,902	-	-	692,902
Total expenses	4,730,150	-	-	4,730,150
Changes in net assets				
before other changes	177,524	116,990	1,000,000	1,294,514
Realized and				
unrealized gains, net	139,911	316,058	-	455,969
Change in value of				
remainder trust	-	56,040	-	56,040
Change in value of				
beneficial interest				
in perpetual trust	-	-	(32,631)	(32,631)
Total other changes	139,911	372,098	(32,631)	479,378
Total changes in				
net assets	317,435	489,088	967,369	1,773,892
Net assets,				
beginning of year	1,504,584	4,039,238	3,230,033	8,773,855
Net assets,				
end of year	\$ 1,822,019	\$ 4,528,326	\$ 4,197,402	\$ 10,547,747

The accompanying notes are an integral part of the financial statements.

# THE CONNECTICUT FUND FOR THE ENVIRONMENT, INC.

## Statement of Activities

For the year ended September 30, 2017

	Unrestricted	Temporarily	Permanently	Total
Support and revenues:				
Membership fees				
and contributions	\$ 1,291,820	\$ 1,772,585	\$ 925,000	\$ 3,989,405
Government grants	548,643	-	-	548,643
Interest and dividends	30,012	40,859	-	70,871
Net assets released from				
prior years' restrictions	1,481,572	(1,481,572)	-	-
Total support and revenues	3,352,047	331,872	925,000	4,608,919
Expenses:				
Program	2,475,473	-	-	2,475,473
Management and general	603,403	-	-	603,403
Fundraising	584,530	-	-	584,530
Total expenses	3,663,406	-	-	3,663,406
Changes in net assets				
before other changes	(311,359)	331,872	925,000	945,513
Realized and				
unrealized gains, net	143,662	170,316	-	313,978
Change in value of				
remainder trust	-	88,925	-	88,925
Change in value of				
beneficial interest				
in perpetual trust	-	-	25,434	25,434
Total other changes	143,662	259,241	25,434	428,337
Total changes in				
net assets	(167,697)	591,113	950,434	1,373,850
Net assets,				
beginning of year	1,672,281	3,448,125	2,279,599	7,400,005
Net assets,				
end of year	\$ 1,504,584	\$ 4,039,238	\$ 3,230,033	\$ 8,773,855

The accompanying notes are an integral part of the financial statements.



**THE CONNECTICUT FUND FOR THE ENVIRONMENT, INC.**

**Statements of Functional Expenses**

For the years ended September 30, 2018 and 2017

	2018				2017			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Wages	\$ 1,248,961	\$ 308,304	\$ 442,862	\$ 2,000,127	\$ 1,373,259	\$ 392,700	\$ 363,707	\$ 2,129,666
Fringe benefits and payroll taxes	239,453	60,010	67,081	366,544	289,799	70,293	64,175	424,267
Engineers and construction Consultants	887,808	-	-	887,808	126,922	-	-	126,922
Occupancy	335,433	104,827	56,236	496,496	207,060	269	16,256	223,585
Office expenses	120,410	56,665	28,150	205,225	148,392	37,673	27,491	213,556
Printing	47,284	60,861	10,360	118,505	73,267	22,409	25,065	120,741
Professional fees	20,000	1,560	60,113	81,673	23,911	1,966	50,639	76,516
Program expenses	229,453	40,084	5,610	275,147	36,365	35,298	4,170	75,833
Lobbying and media	82,038	3,973	6,543	92,554	54,910	4,352	8,244	67,506
Travel and conferences	34,415	-	180	34,595	32,683	-	10,500	43,183
Meetings and events	53,807	602	779	55,188	68,711	378	1,745	70,834
Investment fees	7,500	3,323	-	10,823	2,846	1,675	-	4,521
Insurance	-	33,368	-	33,368	-	23,319	-	23,319
Publications	33,833	6,438	5,169	45,440	27,735	3,235	3,631	34,601
Membership acquisition	4,233	-	-	4,233	4,693	-	-	4,693
Depreciation	1,864	-	9,576	11,440	1,805	-	8,616	10,421
	2,614	8,127	243	10,984	3,115	9,836	291	13,242
<b>Total</b>	<b>3,349,106</b>	<b>688,142</b>	<b>692,902</b>	<b>\$ 4,730,150</b>	<b>\$ 2,475,473</b>	<b>\$ 603,403</b>	<b>\$ 584,530</b>	<b>\$ 3,663,406</b>

The accompanying notes are an integral part of the financial statements.

# THE CONNECTICUT FUND FOR THE ENVIRONMENT, INC.

## Statements of Cash Flows

For the years ended September 30, 2018 and 2017

	2018	2017
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 1,773,892	\$ 1,373,850
Adjustments to reconcile change in net assets to cash provided by/(used in) operating activities:		
Depreciation	10,984	13,242
Net realized and unrealized gains on investments	(455,969)	(313,978)
Change in value of charitable trusts	(23,409)	(112,309)
Contributions to endowment	(250,796)	(925,000)
(Increase)/decrease in assets		
Grants and accounts receivable	(361,911)	11,952
Promises to give	(680,281)	(85,252)
Prepaid expenses	32,999	(36,188)
Increase/(decrease) in liabilities		
Accounts payable	36,958	(28,357)
Accrued expenses	36,318	(15,592)
Refundable advances	57,692	-
Net cash provided by/(used in) by operating activities	176,477	(117,632)
<b>Cash flows from investing activities</b>		
Purchase of furniture and equipment	-	(2,141)
Contributions to endowment	250,796	925,000
Proceeds from sale of marketable securities	2,727,253	3,735,248
Purchase of marketable securities	(2,755,044)	(4,320,748)
Net cash provided by/(used in) investing activities	223,005	337,359
<b>Cash flows from financing activities</b>		
Principal payments on line of credit	(300)	-
Proceeds from line of credit	-	150,000
Net cash provided by/(used in) financing activities	(300)	150,000
Net change in cash	399,182	369,727
Cash, beginning of year	731,054	361,327
Cash, end of year	\$ 1,130,236	\$ 731,054
<b>Supplemental disclosures of cash flows:</b>		
Cash paid for interest	\$ 8,776	\$ 200

The accompanying notes are an integral part of the financial statements.

# THE CONNECTICUT FUND FOR THE ENVIRONMENT, INC.

## Notes to Financial Statements

September 30, 2018 and 2017

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### NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

*Organization* - The Connecticut Fund for the Environment, Inc. (the “Connecticut Fund”) is a private, non-profit organization dedicated to protecting and improving the land, air, and water of Connecticut and Long Island Sound since 1978.

The Connecticut Fund uses legal and scientific expertise to bring people together to achieve results that benefit the environment for current and future generations. Save the Sound, a program of the Connecticut Fund, is engaged in several habitat restoration projects and, additionally, provides opportunities for members and the general public to engage in direct action to improve the quality of the local environment.

*Basis of Accounting and Presentation* - The financial statements of the Connecticut Fund have been prepared on the accrual basis of accounting, and follow the recommendations of the Financial Statements of Not-for-Profit Organizations topic of the Financial Accounting Standards Board (FASB) Codification. Under this topic of the Codification, the Connecticut Fund reports information regarding its financial position and activities according to three classes of net assets - unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets as described below:

*Unrestricted net assets* - Net assets not subject to donor imposed stipulations.

*Temporarily restricted net assets* - Net assets subject to donor imposed stipulations that may or will be met by actions of the Connecticut Fund and/or passage of time.

*Permanently restricted net assets* - Net assets subject to donor-imposed stipulations that the Connecticut Fund maintains permanently. Generally, the donors of these assets permit the Connecticut Fund to use all or part of the income earned and capital gains, if any, on related investments for general or specific purposes.

*Revenue* - Revenues are reported as increases in unrestricted net assets unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities, if any, are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions are recognized as revenues in the period made. Promises to give that are restricted by the donor to a specific purpose that has not been met as of the statement of financial position date are shown as increases in temporarily restricted net assets. This revenue is reclassified to unrestricted net assets when the time or purpose restrictions are met.

*Estimates* - The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Cash and cash equivalents* - The Connecticut Fund maintains its cash in commercial bank accounts, which at times may exceed the federally insured limits. The Connecticut Fund has not experienced any losses in such accounts and believes it is not exposed to any significant risk on cash. The Connecticut Fund considers all highly liquid investments to be cash equivalents.

*Marketable securities* - Marketable securities are stated at fair value. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Realized gains and losses on investments sold are determined on the average cost basis. Dividend and interest income are recorded on the accrual basis.

*Fair Value Measurement* - The Connecticut Fund follows the *Fair Value Measurements* topic of the FASB Codification, which defines fair value and establishes a framework for measuring fair value in generally accepted accounting principles. The topic defines fair value as the exchange price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity.

In addition to defining fair value, the *Fair Value Measurements* topic expands the disclosure requirements around fair value and establishes a fair value hierarchy for valuation inputs. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. These levels are:

- Level 1 - inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.
- Level 2 - inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 - inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

Valuation techniques based on unobservable inputs are highly subjective and require judgments regarding significant matters, such as the amount and timing of future cash flows and the selection of discount rates that may appropriately reflect market and credit risks. Changes in these judgments often have a material impact on the fair value estimates. In addition, since these estimates are as of a specific point in time, they are susceptible to material near-term changes.

*Endowment* - The Connecticut Fund adheres to the *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to and Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* topic of the FASB Codification. Under this topic, accumulated gains and income on donor-restricted endowment assets are classified as temporarily restricted net assets until appropriated for expenditure.

*Depreciation Expense* - Depreciation is recorded on all furniture and equipment of the Connecticut Fund using the straight-line method over the assets' estimated useful life, which range from five to seven years.

**NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Income Taxes* - The Connecticut Fund is a not-for-profit organization exempt from income taxation pursuant to Internal Revenue Code Section 501(c)(3). Accordingly, no provision for federal or state income taxes is provided in the accompanying financial statements.

*Subsequent Events Measurement Date* - The Connecticut Fund monitored and evaluated subsequent events for footnote disclosures or adjustments required in its financial statements for fiscal year 2018 through March 14, 2019, the date on which financial statements were available to be issued.

*Reclassifications* – Certain reclassifications were made to the 2017 amounts to be consistent with 2018 presentation.

**NOTE 2 – PROMISES TO GIVE**

The Connecticut Fund periodically solicits multiyear pledges. Pledges are discounted at 4%. Net promises to give are as follows as of September 30,:

	<u>2018</u>	<u>2017</u>
Receivable in less than one year	\$ 1,047,150	\$ 543,770
Receivable in one to five years	<u>380,000</u>	<u>170,000</u>
Total promises to give	1,427,150	713,770
Less discount	<u>(39,637)</u>	<u>(6,538)</u>
Promises to give, net	<u><u>\$ 1,387,513</u></u>	<u><u>\$ 707,232</u></u>

Management believes all promises to give are collectible.

**NOTE 3 – MARKETABLE SECURITIES**

The fair values of marketable securities are as follows as of September 30,:

	<u>2018</u>	<u>2017</u>
Short term investments	\$ 111,372	\$ 321,746
Government and agency bonds	839,587	753,144
Corporate bonds	345,479	57,297
Other fixed income	155,113	266,626
Domestic equities	3,364,590	2,926,979
Foreign equities	<u>119,062</u>	<u>125,651</u>
Total marketable securities	<u><u>\$ 4,935,203</u></u>	<u><u>\$ 4,451,443</u></u>

All marketable securities are valued using Level 1 inputs which represent observable quoted prices for identical assets in active markets.

**NOTE 4 – FURNITURE AND EQUIPMENT, NET**

Furniture and equipment consists of the following as of September 30,:

	<u>2018</u>	<u>2017</u>
Furniture and equipment	\$ 211,969	\$ 211,969
Leasehold improvements	22,839	22,839
IT hardware	31,804	31,804
	<u>266,612</u>	<u>266,612</u>
Less accumulated depreciation	<u>(202,878)</u>	<u>(191,894)</u>
Furniture and equipment, net	<u>\$ 63,734</u>	<u>\$ 74,718</u>

**NOTE 5 – CHARITABLE REMAINDER TRUST**

The Connecticut Fund has been named the beneficiary of a charitable remainder trust. The Fund will ascertain the remaining principal and undistributed income of the trust upon the passing of the donor. During the donor's lifetime, the trust will make annual disbursements equal to 5.0% of the assets at the beginning of the year to the donor. Annual trust income is projected to be 3.6% and the future value of the trust's investments have been discounted at 3.6%.

The charitable remainder trust activity was as follows for the years ended September 30,:

	<u>2018</u>	<u>2017</u>
Fair value of trust assets	\$ 3,340,138	\$ 3,411,584
Projected future earnings less payouts	<u>(479,845)</u>	<u>(531,010)</u>
Future estimated value of trust assets	2,860,293	2,880,574
Discount	<u>(852,065)</u>	<u>(928,386)</u>
Charitable remainder trust	<u>\$ 2,008,228</u>	<u>\$ 1,952,188</u>

**NOTE 6 – BENEFICIAL INTEREST IN PERPETUAL TRUST**

The Connecticut Fund is the beneficiary in a certain perpetual trust held and administered by others. The interest in the trust's assets is carried as a permanently restricted net asset in the statements of financial position. The funds are to be used to the executive director's salary and general educational purposes. The fair value as of September 30, 2018 and 2017 was \$919,920 and \$952,551 respectively. The trust will terminate ninety nine years after the grantor's death at which time the investments will be distributed to the Connecticut Fund.

## NOTE 7 – LINE OF CREDIT

The Connecticut Fund has a \$150,000 line of credit with People’s United Bank that bears interest at 4.75% as of September 30, 2018 and 2017. The line of credit expires on August 31, 2019. The balance drawn on the line of credit was \$149,700 and \$150,000 as of September 30, 2018 and 2017, respectively.

## NOTE 8 – ENDOWMENT

The Connecticut Fund's endowment consists of approximately 40 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. 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 Connecticut Fund has interpreted the Connecticut Prudent Management of Institutional Funds Act (CTPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Connecticut Fund classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Connecticut Fund in a manner consistent with the standard of prudence prescribed by CTPMIFA. In accordance with CTPMIFA, the Connecticut Fund considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Connecticut Fund and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Connecticut Fund
- (7) The investment policies of the Connecticut Fund

The Connecticut Fund’s endowment is made up of investment accounts. Composition by type of fund is as follows as of September 30, 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted	\$ -	\$ 1,052,497	\$ 2,528,278	\$ 3,580,775
Strike Force Fund	842,332	-	-	842,332
Board-designated	512,096	-	-	512,096
Total endowment	<u>\$ 1,354,428</u>	<u>\$ 1,052,497</u>	<u>\$ 2,528,278</u>	<u>\$ 4,935,203</u>

**NOTE 8 – ENDOWMENT (CONTINUED)**

The Connecticut Fund’s endowment is made up of investment accounts. Composition by type of fund is as follows as of September 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted	\$ -	\$ 711,628	\$ 2,277,482	\$ 2,989,110
Strike Force Fund	756,491	-	-	756,491
Board-designated	705,842	-	-	705,842
Total endowment	<u>\$ 1,462,333</u>	<u>\$ 711,628</u>	<u>\$ 2,277,482</u>	<u>\$ 4,451,443</u>

The reconciliation of the Connecticut Fund’s endowment by net asset category is as follows as:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance October 1, 2016	\$ 1,641,953	\$ 557,530	\$ 1,352,482	\$ 3,551,965
Investment income	30,012	40,859	-	70,871
Realized gains	480,953	58,936	-	539,889
Unrealized gains/(losses)	(337,291)	111,380	-	(225,911)
Investment fees	(6,136)	(17,183)	-	(23,319)
	<u>167,538</u>	<u>193,992</u>	<u>-</u>	<u>361,530</u>
Contributions	-	219	925,000	925,219
Appropriations for expenditure	<u>(347,158)</u>	<u>(40,113)</u>	<u>-</u>	<u>(387,271)</u>
Balance September 30, 2017	1,462,333	711,628	2,277,482	4,451,443
Investment income	29,140	62,128	-	91,268
Realized gains	37,875	36,639	-	74,514
Unrealized gains	102,036	279,419	-	381,455
Investment fees	(11,298)	(22,070)	-	(33,368)
	<u>157,753</u>	<u>356,116</u>	<u>-</u>	<u>513,869</u>
Contributions	-	25,350	250,796	276,146
Appropriations for expenditure	<u>(265,658)</u>	<u>(40,597)</u>	<u>-</u>	<u>(306,255)</u>
Balance September 30, 2018	<u>\$ 1,354,428</u>	<u>\$ 1,052,497</u>	<u>\$ 2,528,278</u>	<u>\$ 4,935,203</u>



**NOTE 9 – NET ASSET RESTRICTIONS**

Temporarily restricted net assets consisted of the following at September 30,:

	<u>2018</u>	<u>2017</u>
Program restrictions:		
Restoration	\$ 101,343	\$ 218,637
Legal	33,333	-
Green infrastructure	116,460	112,569
Climate and energy	89,749	118,298
Endangered lands	152,352	135,894
Long Island Sound	29,001	82,792
Communication	100,000	-
Fundraising	30,000	-
	<u>652,238</u>	<u>668,190</u>
Time restrictions:		
Pledges restricted by the passage of time	815,363	707,232
Endowment gains	1,052,497	711,628
Charitable remainder trust	2,008,228	1,952,188
	<u>3,876,088</u>	<u>3,371,048</u>
Total temporarily restricted net assets	<u>\$ 4,528,326</u>	<u>\$ 4,039,238</u>

Temporarily restricted net assets released from restrictions for program and time restrictions met totaled \$1,251,620 and \$851,294, respectively, for the year ended September 30, 2018.

Temporarily restricted net assets released from restrictions for program and time restrictions met totaled \$1,287,478 and \$194,094, respectively, for the year ended September 30, 2017.

Permanently restricted net assets consisted of the following at September 30,:

	<u>2018</u>	<u>2017</u>
General support	\$ 572,720	\$ 572,720
Communication director's compensation	396,262	396,262
Peter B. Cooper Fellowship	1,277,500	1,277,500
Chief legal director endowment	1,000,000	-
Hartford office	31,000	31,000
	<u>3,277,482</u>	<u>2,277,482</u>
Permanently restricted investments	3,277,482	2,277,482
Beneficial interest in perpetual trust	919,920	952,551
	<u>4,197,402</u>	<u>3,230,033</u>
Total permanently restricted net assets	<u>\$ 4,197,402</u>	<u>\$ 3,230,033</u>

#### **NOTE 10 – STRIKE FORCE FUND**

The Strike Force Fund is used to respond to urgent threats requiring rapid response. Each year up to 5% of the value of the Strike Force Fund may be used at the discretion of the President with advice from the Chair and the Executive Committee of the Board of Directors. Additional withdrawals of 5% may be made annually after obtaining the approval of the majority of the Board of Directors for particularly compelling circumstances. If an additional withdrawal is made, the organization shall undertake to replenish the Strike Force Fund within three years. No further additional withdrawals can be made until the previous additional withdrawal is replenished.

An additional 15% of the Strike Force Fund may be used in an extreme emergency with the written approval of three fourths of the Board of Directors. No further emergency withdrawals can be made until the previous emergency withdrawal is replenished. Moreover, if the replenishment is not made within three years, no annual or additional 5% withdrawals under the previous paragraph may be made.

Finally, the Strike Force Fund policies may be revised with the written approval of three fourths of the Board of Directors. The Strike Force Fund is classified as an unrestricted (board designated) endowment fund. The fair value of the Strike Force Fund marketable securities was \$842,332 and \$756,491 at September 30, 2018 and 2017, respectively.

#### **NOTE 11 – OPERATING LEASES**

The Connecticut Fund leases office space in New Haven, CT and Westchester County, NY. The New Haven lease expires in July of 2022, while the Westchester lease expires in September of 2019. Total rental expense was \$134,033 and \$134,872 for the years ended September 30, 2018 and 2017, respectively.

The future minimum annual rental payments are as follows for the years ending September 30,:

2019	128,191
2020	128,892
2021	132,394
2022	110,329

## NOTE 12 – FUNCTIONAL EXPENSES

The following is a schedule of the Connecticut Fund’s functional expenses at September 30,:

	<u>2018</u>	<u>2017</u>
Program expenses:		
Habitat restoration	\$ 13,835	\$ 39,963
Long Island Sound	777,101	721,700
Green infrastructure	1,345,254	500,705
Climate and energy	217,560	393,224
Communications	63,260	114,614
Endangered lands project	465,914	399,449
Adjudication	425,382	260,888
Education	26,535	31,230
Beach clean up	14,265	13,700
	<u>3,349,106</u>	<u>2,475,473</u>
Total program		
Administrative expenses	688,142	603,403
Fundraising expenses	692,902	584,530
	<u>692,902</u>	<u>584,530</u>
	<u>\$ 4,730,150</u>	<u>\$ 3,663,406</u>

## NOTE 13 – RETIREMENT PLAN

The Connecticut Fund maintains a tax deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. Employees may immediately make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. Employees who complete one year of service are eligible for a matching contribution made by the employer. The Connecticut Fund may elect each year to match 50% of each employee’s contribution up to 10% of the employee’s salary. Matching contributions are vested immediately. Contributions to the plan made by the Connecticut Fund were \$43,808 and \$45,477 for the years ended September 30, 2018 and 2017, respectively.

## NOTE 14 – COMMUNITY FOUNDATION OF GREATER NEW HAVEN

The Connecticut Fund is the named beneficiary of a fund held at the Community Foundation of Greater New Haven (“CFGNH”). The Connecticut Fund received distributions from CFGNH of \$27,319 and \$2,221 for the years ended September 30, 2018 and 2017, respectively. The value of the funds held at CFGNH was \$402,674 and \$390,973 for the years ended September 30, 2018 and 2017, respectively, and is not recorded on the statements of financial position.

**II. REPORTS IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS***

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

To the Board of Directors of  
The Connecticut Fund for the Environment, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of The Connecticut Fund for the Environment, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 14, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audits of the financial statements, we considered The Connecticut Fund for the Environment, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Connecticut Fund for the Environment, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The Connecticut Fund for the Environment, Inc.'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of The Connecticut Fund for the Environment, Inc.'s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether The Connecticut Fund for the Environment, Inc.'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 determination of financial statement amounts. 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*.

## **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 result of that testing, and not to provide an opinion on the effectiveness of The Connecticut Fund for the Environment, Inc.'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 Connecticut Fund for the Environment, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Whittlesey PC".

Hartford, Connecticut  
March 14, 2019

**III. REPORTS IN ACCORDANCE WITH THE  
UNIFORM GUIDANCE**

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR FEDERAL PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of  
The Connecticut Fund for the Environment, Inc.

**Report on Compliance for Each Major Federal Program**

We have audited The Connecticut Fund for the Environment, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of The Connecticut Fund for the Environment, Inc.'s major federal programs for the year ended September 30, 2018. The Connecticut Fund for the Environment, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of federal findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of The Connecticut Fund for the Environment, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The Connecticut Fund for the Environment, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of The Connecticut Fund for the Environment, Inc.'s compliance.



### ***Opinion on Each Major Federal Program***

In our opinion, The Connecticut Fund for the Environment, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2018.

### **Report on Internal Control over Compliance**

Management of The Connecticut Fund for the Environment, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The Connecticut Fund for the Environment, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Connecticut Fund for the Environment, Inc.'s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Hartford, Connecticut  
March 14, 2019

**THE CONNECTICUT FUND FOR THE ENVIRONMENT, INC.**

Schedule of Expenditures of Federal Awards

For the year ended September 30, 2018

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
<b>Department of the Interior</b>			
<i>Passed Through National Fish and Wildlife Foundation</i>			
Hurricane Sandy Disaster Relief - Coastal Resiliency Grants	15.153	FCA062	\$ 326,047
Restoring Fish Noroton River National Fish and Wildlife Foundation	15.663	FCA064	118,748
Natural Resource Damage Assessment, Restoration and Implementation	15.658	N/A	76,216
Hurricane Sandy Disaster Relief Activities - FWS	15.677	N/A	43,184
Total Department of the Interior			<u>564,195</u>
<b>Environmental Protection Agency</b>			
Long Island Sound Program	66.437	N/A	121,592
Long Island Sound Program	66.437	N/A	120,082
Long Island Sound Program	66.437	N/A	65,554
Long Island Sound Program	66.437	N/A	<u>5,425</u>
Total Environmental Protection Agency			312,653
Total Expenditure of Federal Awards			<u>\$ 876,848</u>

The accompanying notes are an integral part of the schedule.

# THE CONNECTICUT FUND FOR THE ENVIRONMENT, INC.

## Note to Schedule of Expenditures of Federal Awards

For the year ended September 30, 2018

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### **NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of The Connecticut Fund for the Environment, Inc. under programs of the federal government for the year ended September 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of The Connecticut Fund for the Environment, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of The Connecticut Fund for the Environment, Inc.

### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Connecticut Fund for the Environment, Inc. has elected to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

**THE CONNECTICUT FUND FOR THE ENVIRONMENT, INC.**

Schedule of Findings and Questioned Costs

For the year ended September 30, 2018

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**I. SUMMARY OF AUDITORS' RESULTS**

*Financial Statements*

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP

*Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes   X   no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes   X   none reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ yes   X   no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes   X   no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes   X   none reported

Type of auditors' report issued on compliance for major federal programs:

*Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?

\_\_\_\_\_ yes   X   no

*Identification of Major Programs*

Name of Federal Program or Cluster	CFDA Number
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**Department of the Interior:**

Hurricane Sandy Disaster Relief - Coastal Resiliency Grants	15.153
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**Environmental Protection Agency**

Long Island Sound Program	66.437
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Dollar threshold to distinguish between type A and type B programs	<u>  \$  750,000  </u>
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Auditee qualified as low-risk auditee? \_\_\_\_\_   X   yes \_\_\_\_\_ no

**THE CONNECTICUT FUND FOR THE ENVIRONMENT, INC.**

Schedule of Findings and Questioned Costs (Continued)

For the year ended September 30, 2018

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**II. FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

No matters were reported.

**IV. REPORTS IN ACCORDANCE WITH THE  
STATE SINGLE AUDIT ACT**

INDEPENDENT AUDITORS' REPORT  
ON COMPLIANCE FOR EACH MAJOR STATE  
PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY  
THE STATE SINGLE AUDIT ACT

To the Board of Directors of  
The Connecticut Fund for the Environment, Inc.

**Report on Compliance for Each Major State Program**

We have audited The Connecticut Fund for the Environment, Inc.'s compliance with the types of compliance requirements described in the Office of Policy and Management *Compliance Supplement* that could have a direct and material effect on each of The Connecticut Fund for the Environment, Inc.'s major state programs for the year ended September 30, 2018. The Connecticut Fund for the Environment, Inc.'s major state programs are identified in the summary of auditors' results section of the accompanying schedule of state findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of The Connecticut Fund for the Environment, Inc.'s major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about The Connecticut Fund for the Environment, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of The Connecticut Fund for the Environment, Inc.'s compliance.

### ***Opinion on Each Major State Program***

In our opinion, The Connecticut Fund for the Environment, Inc., complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended September 30, 2018.

### **Report on Internal Control over Compliance**

Management of The Connecticut Fund for the Environment, Inc., is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The Connecticut Fund for the Environment, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Connecticut Fund for the Environment, Inc.'s internal control over compliance.

A *deficiency in internal control* over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control* over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 State Single Audit Act. Accordingly, this report is not suitable for any other purpose.



Hartford, Connecticut  
March 14, 2019



# THE CONNECTICUT FUND FOR THE ENVIRONMENT, INC.

## Schedule of Expenditures of State Financial Assistance

For the Year Ended September 30, 2018

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<u>State Grantor/ Pass-Through Grantor/Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures</u>
<b>State of Connecticut Department of Energy and Environmental Protection:</b>			
319 Mill River Watershed-Based Plan	12060-DEP43720-20871	N/A	\$ 79,987
NHS Stormwater Retrofit - New Haven	12060-DEP43720-20871	N/A	40,176
Noroton River I95 Fishway Construction	13033-DEP43760-41392	N/A	178,269
Drinking Water Program	21016-DEP43000-40001	N/A	<u>44,567</u>
Total State Financial Assistance			<u>\$ 342,999</u>

The accompanying note is an integral part of the schedule.

# THE CONNECTICUT FUND FOR THE ENVIRONMENT, INC.

## Note to Schedule of Expenditures of State Financial Assistance

For the Year Ended September 30, 2018

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The accompanying schedule of expenditures of state financial assistance includes state grant activity of The Connecticut Fund for the Environment, Inc. under programs of the State of Connecticut for the fiscal year ended September 30, 2018. The State of Connecticut Department of Energy and Environmental Protection has provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including protecting and improving the land, air, and water of Connecticut and Long Island Sound.

### **1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of The Connecticut Fund for the Environment, Inc. conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations.

The information in the Schedule of Expenditures of State Financial Assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

#### Basis of Accounting

The expenditures reported on the Schedule of Expenditures of State Financial Assistance are reported on the accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

**THE CONNECTICUT FUND FOR THE ENVIRONMENT, INC.**

Schedule of State Findings and Questioned Costs

For the year ended September 30, 2018

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**I. SUMMARY OF AUDITORS' RESULTS**

*Financial Statements*

Type of auditors' opinion issued: *Unmodified*

Internal control over financial reporting:  
 Material weakness(es) identified? \_\_\_\_\_ yes   X   no  
 Significant deficiency(ies) identified \_\_\_\_\_ yes   X   none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes   X   no

*State Financial Assistance*

Internal control over major programs:  
 Material weakness(es) identified? \_\_\_\_\_ yes   X   no  
 Significant deficiency(ies) identified? \_\_\_\_\_ yes   X   none reported

Type of auditors' opinion issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations of the State Single Audit Act? \_\_\_\_\_ yes   X   no

The following schedule reflects the major programs included in the audit:

State Grantor and Program	State Core-CT Number	Expenditures
<b>State of Connecticut Department of Energy and Environmental Protection:</b>		
Noroton River I95 Fishway Construction	13033-DEP43760-41392	\$ 178,269
Drinking Water Program	21016-DEP43000-40001	44,567
Dollar threshold to distinguish between type A and type B programs		<u><u>\$ 100,000</u></u>

**II. FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS**

No matters were reported.

**Headquarters**

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