

# STATE OF CONNECTICUT

**AUDITORS' REPORT  
CONNECTICUT HERITAGE FOUNDATION, INC.  
FOR THE FISCAL YEARS ENDED  
JUNE 30, 2001, 2002, 2003 AND 2004**

**AUDITORS OF PUBLIC ACCOUNTS  
KEVIN P. JOHNSTON ♦ ROBERT G. JAEKLE**

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Connecticut Heritage Foundation, Inc.:

We have audited the accompanying statement of financial position of the Connecticut Heritage Foundation, Inc. (the Foundation), as of June 30, 2001, 2002, 2003 and 2004, and the related statements of activities, and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As noted in the last audit, effective July 1, 1999, new financial guidelines were established by legislation that required the Foundation to maintain its own records independent of State operations.

As more fully described in Note 1 of the financial statements, sole custody of the State General Fund restricted account, formerly the Foundation's account, was transferred to the State Library on June 1, 2001.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2001, 2002, 2003 and 2004, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Auditors of Public Accounts***

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In accordance with *Government Auditing Standards*, we have also included our report dated October 27, 2006 on our consideration of the Connecticut Heritage Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope and testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

As discussed in Note 2, the Connecticut Heritage Foundation implemented a new financial model as required by the provisions of Governmental Accounting Standards Board (GASB) Statement Number 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

The management's discussion and analysis information is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consist primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Kevin P. Johnston  
Auditor of Public Accounts

Robert G. Jaekle  
Auditor of Public Accounts

October 27, 2006  
State Capitol  
Hartford, Connecticut

**CONNECTICUT HERITAGE FOUNDATION, INC. (FOUNDATION)  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MDA)**

**An Overview of the Financial Statements**

New standards issued by the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, have changed the format of the basic financial statements. Due to these changes, few comparisons have been made between the most current audited fiscal year ended June 30, 2004 and the prior year. In subsequent years, the MDA will focus on year-to-year comparisons.

The discussion and analysis is intended to serve as an introduction to the Foundation's basic financial statements. The Foundation's basic financial statements are comprised of Statements of (1) Net Assets, (2) Revenues, Expenses and Changes in Fund Net Assets, and (3) Cash Flows, and are accompanied with Notes which are an integral part of the financial statements.

The following provides an overview and analysis of the Foundation's financial performance of its activities for the fiscal year ended June 30, 2004. The reader is encouraged to consider this information in conjunction with the fiscal year end financial statements and notes.

**Condensed Financial Information:                      FYE 6/30/04**

|                      |          |
|----------------------|----------|
| Total Assets         | \$12,678 |
| Total Liabilities    | 0        |
| Total Net Assets     | 12,678   |
| Total Revenues       | 33,525   |
| Total Expenses       | 10,679   |
| Change in Net Assets | 22,846   |

**Financial Highlights**

- The assets of the Foundation exceeded its liabilities, at the close of the 2004 fiscal year by \$12,678. Of this amount, \$7,440 may be used to meet the ongoing obligations of the Foundation.
  
- The Foundation's net assets increased by \$22,846. This increase is primarily attributable to the change in status of a net loan payable of \$18,000 to a donation. In subsequent years, as the MDA focuses on year-to-year comparisons, the financial statements will show if the Foundation's financial position has improved or deteriorated as a result of the year's operations.
  
- The Foundation has no debt.

Since fiscal year 2005, the Foundation has continued to pursue donation and grant opportunities and has coordinated our activities with our Connecticut State Library and Raymond E. Baldwin Museum of Connecticut History and Heritage members to promote the awareness of Connecticut's history and culture.

**CONNECTICUT HERITAGE FOUNDATION, INC.**  
**STATEMENT OF NET ASSETS**  
**AS OF JUNE 30, 2001, 2002, 2003 AND 2004**

|                                     | <b>JUNE 30,</b>   |                   |                    |                  |
|-------------------------------------|-------------------|-------------------|--------------------|------------------|
|                                     | <b>2001</b>       | <b>2002</b>       | <b>2003</b>        | <b>2004</b>      |
| <b>ASSETS</b>                       | \$                | \$                | \$                 | \$               |
| CURRENT ASSETS:                     |                   |                   |                    |                  |
| Cash and Cash Equivalents           | 14,954            | 18,358            | 5,389              | 11,193           |
| Other Receivables                   |                   |                   | 148                |                  |
| <b>TOTAL CURRENT ASSETS</b>         | <u>14,954</u>     | <u>18,358</u>     | <u>5,537</u>       | <u>11,193</u>    |
| NONCURRENT ASSETS:                  |                   |                   |                    |                  |
| Capital Assets:                     |                   |                   |                    |                  |
| Computer                            |                   |                   | 2,430              | 2,430            |
| Less: Accumulated Depreciation      |                   |                   | (135)              | (945)            |
| <b>TOTAL NONCURRENT ASSETS</b>      | <u>0</u>          | <u>0</u>          | <u>2,295</u>       | <u>1,485</u>     |
| <b>TOTAL ASSETS</b>                 | <u>14,954</u>     | <u>18,358</u>     | <u>7,832</u>       | <u>12,678</u>    |
| <b>LIABILITIES</b>                  |                   |                   |                    |                  |
| CURRENT LIABILITIES:                |                   |                   |                    |                  |
| Loan Payable                        | 0                 | 5,000             | 18,000             | 0                |
| <b>TOTAL LIABILITIES</b>            | <u>0</u>          | <u>5,000</u>      | <u>18,000</u>      | <u>0</u>         |
| NONCURRENT LIABILITIES:             |                   |                   |                    |                  |
| Loan Payable                        | 23,000            | 18,000            | 0                  | 0                |
| <b>TOTAL NONCURRENT LIABILITIES</b> | <u>23,000</u>     | <u>18,000</u>     | <u>0</u>           | <u>0</u>         |
| <b>TOTAL LIABILITIES</b>            | <u>23,000</u>     | <u>23,000</u>     | <u>18,000</u>      | <u>0</u>         |
| <b>NET ASSETS</b>                   |                   |                   |                    |                  |
| Unrestricted Net Assets             | 1,945             | 11,294            | 6,590              | 7,440            |
| Temporarily Restricted Net Assets   | (9,991)           | (15,936)          | (16,758)           | 5,238            |
| <b>TOTAL NET ASSETS</b>             | <u>\$ (8,046)</u> | <u>\$ (4,642)</u> | <u>\$ (10,168)</u> | <u>\$ 12,678</u> |

See accompanying notes to the financial statements.

**CONNECTICUT HERITAGE FOUNDATION, INC.  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2001, 2002, 2003 AND 2004**

|   | For the Year Ended June 30. |                   |                    |                  |
|---|-----------------------------|-------------------|--------------------|------------------|
|   | 2001                        | 2002              | 2003               | 2004             |
| <b>OPERATING REVENUES</b>                       | \$                          | \$                | \$                 | \$               |
| <b>TOTAL OPERATING REVENUES</b>                 | <u>0</u>                    | <u>0</u>          | <u>0</u>           | <u>0</u>         |
| <b>OPERATING EXPENSES</b>                       |                             |                   |                    |                  |
| Depreciation Expense                            |                             |                   | 135                | 810              |
| Administrative Expenses                         | 2,410                       | 1,009             | 756                | 1,435            |
| <b>TOTAL OPERATING EXPENSES</b>                 | <u>2,410</u>                | <u>1,009</u>      | <u>891</u>         | <u>2,235</u>     |
| <b>OPERATING INCOME (LOSS)</b>                  | <u>(2,410)</u>              | <u>(1,009)</u>    | <u>(891)</u>       | <u>(2,235)</u>   |
| <b>NONOPERATING REVENUES (EXPENSES)</b>         |                             |                   |                    |                  |
| Donations and Contributions                     | 16,714                      | 31,136            | 3,780              | 33,525           |
| CPTV Grant                                      | (23,000)                    | (6,500)           |                    | (8,444)          |
| Great Kids - Website                            |                             | (20,223)          | (8,415)            |                  |
| <b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>   | <u>(6,286)</u>              | <u>4,413</u>      | <u>(4,635)</u>     | <u>25,081</u>    |
| <b>INCOME (LOSS) BEFORE EXTRAORDINARY ITEMS</b> | <u>(8,696)</u>              | <u>3,404</u>      | <u>(5,526)</u>     | <u>22,846</u>    |
| <b>EXTRAORDINARY ITEMS</b>                      |                             |                   |                    |                  |
| Transfer to State Library                       | (3,108,507)                 | 0                 | 0                  | 0                |
| Change in Net Assets                            | (3,117,203)                 | 3,404             | (5,526)            | 22,846           |
| <b>NET ASSETS (DEFICIT) - BEGINNING OF YEAR</b> | <u>3,109,157</u>            | <u>(8,046)</u>    | <u>(4,642)</u>     | <u>(10,168)</u>  |
| <b>NET ASSETS (DEFICIT) - END OF YEAR</b>       | <u>\$ (8,046)</u>           | <u>\$ (4,642)</u> | <u>\$ (10,168)</u> | <u>\$ 12,678</u> |

See accompanying notes to the financial statements.

*Auditors of Public Accounts*

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CONNECTICUT HERITAGE FOUNDATION, INC.  
 STATEMENT OF CASH FLOWS  
 FOR THE YEARS ENDED JUNE 30, 2001, 2002, 2003 AND 2004

|  | For the Year Ended June 30, |                 |                    |                 |
|--|-----------------------------|-----------------|--------------------|-----------------|
|  | 2001                        | 2002            | 2003               | 2004            |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                             |                 |                    |                 |
| <b>SOURCE:</b>   | \$ 0                        | \$ 0            | \$ 0               | \$ 0            |
| <b>USE:</b>  |                             |                 |                    |                 |
| Administrative Expenses  | 2,410                       | 1,009           | 756                | 1,425           |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>                                       | <u>(2,410)</u>              | <u>(1,009)</u>  | <u>(756)</u>       | <u>(1,425)</u>  |
| <b>CASH FLOWS FROM EXTRAORDINARY AND CAPITAL ACTIVITIES</b>                            |                             |                 |                    |                 |
| <b>SOURCE:</b>   |                             |                 |                    |                 |
| Donations  | 16,714                      | 31,136          | 3,780              | 33,525          |
| Loan Proceeds  | 23,000                      |                 |                    |                 |
|  | <u>39,714</u>               | <u>31,136</u>   | <u>3,780</u>       | <u>33,525</u>   |
| <b>USE:</b>  |                             |                 |                    |                 |
| CPTV Grant   | 23,000                      | 6,500           |                    | 8,444           |
| Great Kids - Website   |                             | 20,223          | 8,415              |                 |
| Transfer to State Library  | 2,108,758                   |                 | 135                | 810             |
| Increase (Decrease) in liabilities   | (50)                        |                 | (5,000)            | (18,000)        |
| (Increase) Decrease in:  |                             |                 |                    |                 |
| Receivables  | 32,734                      |                 | (148)              | 148             |
| Capital Assets   |                             |                 | (2,430)            |                 |
|  | <u>2,099,074</u>            | <u>26,723</u>   | <u>15,993</u>      | <u>26,296</u>   |
| <b>NET CASH USED FROM EXTRAORDINARY AND CAPITAL ACTIVITIES</b>                         | <u>(2,059,360)</u>          | <u>4,413</u>    | <u>(12,213)</u>    | <u>7,229</u>    |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                            | (2,061,770)                 | 3,404           | (12,969)           | 5,804           |
| Cash and Cash Equivalents - beginning of year  | 2,076,724                   | 14,954          | 18,358             | 5,389           |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>   | <u>14,954</u>               | <u>18,358</u>   | <u>5,389</u>       | <u>11,193</u>   |
| <b>RECONCILIATION OF OPERATING AND OTHER INCOME TO NET CASH PROVIDED BY ACTIVITIES</b> |                             |                 |                    |                 |
| <b>OPERATING AND OTHER INCOME</b>  | (3,117,203)                 | 3,404           | (5,526)            | 22,846          |
| Adjustments to Reconcile Operating and Other Income to Net Cash:                       |                             |                 |                    |                 |
| Depreciation Expense   |                             |                 | 135                | 810             |
| Decrease (Increase) in Assets:   |                             |                 |                    |                 |
| Transfer of Assets to State Library  | 999,747                     |                 |                    |                 |
| Capital Equipment  |                             |                 | (2,430)            |                 |
| Receivables, Net   | 32,734                      |                 | (148)              | 148             |
| Increase (Decrease) in Liabilities:  |                             |                 |                    |                 |
| Loan Payable   | 23,000                      |                 | (5,000)            | (18,000)        |
| Due to State Library   | (50)                        |                 |                    |                 |
| <b>NET INCREASE (DECREASE) IN CASH PROVIDED BY OPERATING AND OTHER ACTIVITIES</b>      | <u>\$ (2,061,770)</u>       | <u>\$ 3,404</u> | <u>\$ (12,969)</u> | <u>\$ 5,804</u> |

See accompanying notes to the financial statements.

**CONNECTICUT HERITAGE FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 SUBSEQUENT EVENT-TRANSFER OF FUNDS TO THE STATE LIBRARY:**

As noted in the last report, the financial statements presented in the prior report consisted primarily of the financial activities of a State General Fund private restricted account, which was considered to be the Foundation's account under the provisions of Section 4-31a of the General Statutes. Effective July 1, 1999, Public Act 99-116 amended Section 11-1 of the General Statutes changing Foundation operating guidelines from Section 4-31a to Sections 4-37e through 4-37k of the General Statutes. This change required that the Foundation maintain its own financial records in private accounts independent of State operations. Although Public Act 99-116 took effect on July 1, 1999, the State General Fund restricted account continued to be considered the Foundation's operating account until June 1, 2001. On June 1, 2001, all balances in this General Fund restricted account were transferred to the sole custody of the State Library thereby ending all involvement with these funds by the Foundation and such State General Fund restricted account activities were examined under the audit of the Connecticut State Library for the fiscal years ended June 30, 2001 and 2002.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The financial statements of The Connecticut Heritage Foundation, Inc. (the Foundation) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Foundation's significant accounting policies are described below.

New Governmental Accounting Standards:

For its fiscal years ended June 30, 2004, the Foundation adopted GASB Statement No. 34 – *Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments*. GASB Statement No. 34 establishes new standards for external financial reporting and the presentation of the Management's Discussion and Analysis (MD&A). MD&A is considered to be required supplemental information and precedes the financial statements.

Nature of Activities:

The Connecticut Heritage Foundation, Inc. (the Foundation) operates exclusively for charitable, educational and scientific purposes and, as such, promotes the furtherance and support of the programs and purposes of the Connecticut State Library and the Raymond E. Baldwin Museum of Connecticut History and Heritage. The Foundation solicits and receives contributions of funds for the support of such activities.

## Auditors of Public Accounts

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### Basis of Presentation:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles as noted above. Net assets and revenues, expenses, gains and losses are classified based upon the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

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

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

Permanently restricted net assets--Net assets subject to donor-imposed stipulations that may be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specified purposes.

### Cash and Cash Equivalents:

For financial statement purposes, the Foundation considers all funds held in a checking account to be cash equivalents.

### Contributions:

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

### Computer Equipment:

Computer equipment is stated at cost less accumulated depreciation. Depreciation on the equipment is calculated using the straight line method over three years.

### Federal Income Taxes:

The Foundation is exempt from Federal income taxes under Internal Revenue Code Section 501 (c) (3).

### Foundation Accounts:

As discussed in Note 1, Foundation accounts were primarily maintained within the State's General

Fund and subject to all the centralized controls of the State Treasurer and State Comptroller. These balances were audited as Foundation accounts as of June 30, 2000, and even though, not officially transferred to the sole custody of the State Library until June 2001, the accounts were audited as part of the State Library accounts effective July 1, 2000. In December 1999, the Foundation opened its own private checking account and since July 1, 2000, all Foundation activities have been operating through this account.

**NOTE 3 CONCENTRATION OF CREDIT RISK:**

The Foundation's deposits are insured by the Federal Deposit Insurance Corporation up to \$100,000. At June 30, 2004, there were no uninsured deposits.

**NOTE 4 LOAN PAYABLE:**

The original loan for \$23,000 was payable to the McKellan Group, Inc. with no specific due date and no interest. The Foundation paid \$5,000 towards the loan on December 16, 2002 and the \$18,000 balance of the loan was forgiven and donated to the Foundation on March 25, 2004.

**NOTE 5 COMPUTER EQUIPMENT:**

The Computer Equipment category, shown on the Statement of Financial Position, consists of the following:

|                               | <u>Fiscal Year Ended June 30,</u> |             |                 |                 |
|-------------------------------|-----------------------------------|-------------|-----------------|-----------------|
|                               | <u>2001</u>                       | <u>2002</u> | <u>2003</u>     | <u>2004</u>     |
| Computer Equipment            | \$ 0                              | \$ 0        | \$ 2,430        | \$ 2,430        |
| Less accumulated depreciation | <u>0</u>                          | <u>0</u>    | <u>135</u>      | <u>945</u>      |
| Total                         | <u>\$ 0</u>                       | <u>\$ 0</u> | <u>\$ 2,295</u> | <u>\$ 1,485</u> |

**NOTE 6 TEMPORARILY RESTRICTED NET ASSETS:**

The detail of temporarily restricted net assets at June 30, 2001, 2002, 2003 and 2004 were as follows:

|                               | <u>Fiscal Year Ended June 30,</u> |                    |                    |                 |
|-------------------------------|-----------------------------------|--------------------|--------------------|-----------------|
|                               | <u>2001</u>                       | <u>2002</u>        | <u>2003</u>        | <u>2004</u>     |
| Temporarily Restricted:       |                                   |                    |                    |                 |
| Great Kids – Website          | \$ 12,909                         | \$ 8,464           | \$ 49              | \$ 3,355        |
| CPTV - Foundation Awareness   | (23,000)                          | (24,500)           | (19,500)           | (1,500)         |
| Civil War Exhibit             | 100                               | 100                | 100                | 100             |
| Gates donation                | 0                                 | 0                  | 2,445              | 1,485           |
| Direct mail solicitation      | 0                                 | 0                  | 148                | 148             |
| 150 <sup>th</sup> Celebration | <u>0</u>                          | <u>0</u>           | <u>0</u>           | <u>1,650</u>    |
| Total                         | <u>\$ (9,991)</u>                 | <u>\$ (15,936)</u> | <u>\$ (16,758)</u> | <u>\$ 5,238</u> |

**INDEPENDENT AUDITORS' REPORT  
ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Board of Directors  
Connecticut Heritage Foundation, Inc.:

We have audited the financial statements of the Connecticut Heritage Foundation, Inc., as of and for the years ended June 30, 2001, 2002, 2003 and 2004, and have issued our report thereon dated October 27, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance:**

As part of obtaining reasonable assurance about whether the Connecticut Heritage Foundation, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with Sections 4-37e to 4-37k of the Connecticut General Statutes, noncompliance with which would 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 that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting:**

In planning and performing our audit, we considered the Connecticut Heritage Foundation, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements

caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Connecticut Heritage Foundation, Inc.'s Board of Directors, and any applicable regulatory body. However, this report is a matter of public record and its distribution is not limited.

Kevin P. Johnston  
Auditor of Public Accounts

Robert G. Jaekle  
Auditor of Public Accounts

October 27, 2006  
State Capitol  
Hartford, Connecticut

## MANAGEMENT LETTER

The Board of Directors  
Connecticut Heritage Foundation, Inc.:

During our audit we noted a certain matter involving internal control that is presented for your consideration. Our comment, which has been discussed with appropriate members of management, is intended to improve internal control or result in other operating efficiencies. Our comment is summarized as follows:

### **Financial Statement Preparation and Subsequent Audit:**

*Criteria:* Section 4-37f, subsection (8), of the General Statutes requires that the foundation which has receipts and earnings totaling less than \$100,000 in each fiscal year during any three of its consecutive fiscal years, shall have completed on its behalf for the third fiscal year in any such three-year period, a full audit of the books and accounts of the foundation. Also, for each fiscal year in which an audit is not required, the foundation shall provide financial statements to the executive authority of the State Agency.

*Condition:* On April 16, 2003, the Foundation requested an audit of its operating and financial conditions for the fiscal years ended June 30, 2001 and 2002. However, the request was rescinded on December 22, 2003 due to some additional work necessary to complete its financial statements. The Foundation later requested an audit for the four year period ended June 30, 2004, when the statements were complete.

*Effect:* The Foundation was not in compliance with the statute.

*Cause:* The Foundation's change in its operation activities from a State restricted account to a checking account contributed to a delay in its financial statement preparation.

*Resolution:* The Foundation has completed its financial statements and an audit of its books and accounts has been done for a four year period ended June 30, 2004. The Foundation is keeping current with its reporting requirements by having completed its financial statements for the fiscal year ended June 30, 2005, soon after the year end closed.

**CONCLUSION**

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

William T. Zinn  
Associate Auditor

Approved:

Kevin P. Johnston  
Auditor of Public Accounts

Robert G. Jaekle  
Auditor of Public Accounts