

# STATE OF CONNECTICUT

**AUDITORS' REPORT  
CONNECTICUT STATE UNIVERSITY  
SYSTEM FOUNDATION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2003**

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

## **INDEPENDENT AUDITORS' REPORT**

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2003, and the change in net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Kevin P. Johnston  
Auditor of Public Accounts

Robert G. Jaekle  
Auditor of Public Accounts

March 13, 2007  
State Capitol  
Hartford, Connecticut

**CONNECTICUT STATE UNIVERSITY SYSTEM FOUNDATION, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2003**

ASSETS:

Cash and cash equivalents	\$ 135,484
Investments	46,994
Unconditional promises to give, net	19,430
Prepaid Expenses	1,000
Other Receivable	<u>1,000</u>
 TOTAL ASSETS	 \$ <u><u>203,908</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES	\$ 0
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NET ASSETS:

Unrestricted	48,052
Temporarily restricted	8,894
Permanently restricted	<u>146,962</u>
 TOTAL NET ASSETS	 <u>203,908</u>
 TOTAL LIABILITIES AND NET ASSETS	 \$ <u><u>203,908</u></u>

See accompanying notes to financial statements.

**CONNECTICUT STATE UNIVERSITY SYSTEM FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES AND SUPPORT:				
Contributions	\$ 35,422	\$ 1,250	\$ 18,250	\$ 54,922
State of Connecticut matching contributions	-	-	9,125	9,125
Investment income	395	1,565	-	1,960
Unrealized gains/(losses) on investments	-	(167)	-	(167)
Net assets released from restrictions				
Restrictions satisfied by payments	1,390	(1,390)	-	-
<b>TOTAL REVENUES AND SUPPORT</b>	<u>37,207</u>	<u>1,258</u>	<u>27,375</u>	<u>65,840</u>
EXPENSES:				
Program services				
Scholarships	8,000	-	-	8,000
Educational and cultural	5,139	-	-	5,139
Supporting services				
General and administrative	3,137	-	-	3,137
Fundraising	8,862	-	-	8,862
<b>TOTAL EXPENSES</b>	<u>25,138</u>	<u>-</u>	<u>-</u>	<u>25,138</u>
<b>CHANGE IN NET ASSETS</b>	12,069	1,258	27,375	40,702
NET ASSETS, BEGINNING OF THE YEAR	<u>35,983</u>	<u>7,636</u>	<u>119,587</u>	<u>163,206</u>
NET ASSETS, END OF THE YEAR	<u>\$ 48,052</u>	<u>\$ 8,894</u>	<u>\$ 146,962</u>	<u>\$ 203,908</u>

See accompanying notes to financial statements.

**CONNECTICUT STATE UNIVERSITY SYSTEM FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Scholarships</u>	<u>Educational and Cultural</u>	<u>General and Administrative</u>	<u>Fundraising</u>	
Awards banquet	\$ 3,000	\$ -	\$ -	\$ 7,933	\$ 10,933
Scholarships and grants	5,000	-	-	-	5,000
Printing and postage	-	-	1,492	929	2,421
Insurance expense	-	-	1,085	-	1,085
Art activities	-	1,000	-	-	1,000
Outer Island	-	4,139	-	-	4,139
Office expense	-	-	560	-	560
	<u>-</u>	<u>-</u>	<u>560</u>	<u>-</u>	<u>560</u>
TOTAL EXPENSES	\$ <u>8,000</u>	\$ <u>5,139</u>	\$ <u>3,137</u>	\$ <u>8,862</u>	\$ <u>25,138</u>

See accompanying notes to financial statements.

**CONNECTICUT STATE UNIVERSITY SYSTEM FOUNDATION, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2003**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 40,702
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Increase in unconditional promises to give, net	(9,125)
Other receivable	(1,000)
Prepaid expenses	(1,000)
Noncash contributions of assets	(619)
Unrealized losses on investments	167
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>(11,577)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	29,125
CASH AND CASH EQUIVALENTS - June 30, 2002	<u>106,359</u>
CASH AND CASH EQUIVALENTS - June 30, 2003	<u><u>\$ 135,484</u></u>

See accompanying notes to financial statements.

**CONNECTICUT STATE UNIVERSITY SYSTEM FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities:

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

Basis of Presentation:

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

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

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

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

Cash and Cash Equivalents:

For financial statement purposes, the Foundation considers all funds in checking and savings accounts to be cash equivalents, as well as highly liquid investments that are readily convertible into cash.

Contributions:

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. 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.

**CONNECTICUT STATE UNIVERSITY SYSTEM FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS**

Investments:

Investments in marketable securities with readily determinable fair values are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Income Taxes:

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

**NOTE 2 CONCENTRATION OF CREDIT RISK**

The Foundation's deposits are insured by the Federal Deposit Insurance Corporation up to \$100,000. At June 30, 2003, there were no uninsured deposits.

**NOTE 3 INVESTMENTS**

Investments are stated at fair value and consist of marketable securities and mutual funds.

Marketable Securities:	<u>June 30, 2003</u>
Market value	\$ 619
Cost	<u>736</u>
Deficiency of market value under cost	\$ <u>117</u>
 Mutual Funds:	
Market value	\$ 46,375
Cost	<u>55,500</u>
Deficiency of market value under cost	\$ <u>9,125</u>

**NOTE 4 PROMISES TO GIVE**

The State of Connecticut has established a Higher Education State Matching Grant Fund to be administered by the Department of Higher Education in accordance with Section 10a-8b of the General Statutes. Section 10a-99a of the General Statutes requires the Board of Trustees of the Connecticut State University System to establish a permanent Endowment Fund for the Connecticut State University System to encourage donations from the private sector. The net earnings on the endowment principal are dedicated and made available to a State university or the Connecticut State University system as a whole, for endowed professorships, scholarships and programmatic enhancements. The State matches one half of the private funds raised for those endowment funds.

Based on the legislation, the Foundation has recognized the following amounts for the year ended June 30, 2003:

**CONNECTICUT STATE UNIVERSITY SYSTEM FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS**

Match receivable for calendar year 2000 contributions	\$ 590
Match receivable for calendar year 2001 contributions	2,635
Match receivable for calendar year 2002 contributions	8,052
Match receivable for calendar year 2003 contributions, through June 30, 2003	<u>9,125</u>
Total	<u>\$20,402</u>

Unconditional promises to give at June 30, 2003, are as follows:

Receivable due in less than one year	\$ 0
Receivable due in one to five years	<u>20,402</u>
Total promises to give	20,402
Less: discount to net present value at 5% discount rate	<u>(972)</u>
Net promises to give	<u>\$19,430</u>

**NOTE 5 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS**

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

**NOTE 6 NET ASSETS RELEASED FROM RESTRICTIONS**

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

## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE**

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

We have audited the financial statements of the Connecticut State University System Foundation, Inc., (the Foundation) as of and for the fiscal year ended June 30, 2003, and have issued our report dated March 13, 2007.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

This report is intended for the information of the Board of Directors and any applicable regulatory

body. However, this report is a matter of public record, and its distribution is not limited.

Kevin P. Johnston  
Auditor of Public Accounts

Robert G. Jaekle  
Auditor of Public Accounts

March 13, 2007  
State Capitol  
Hartford, Connecticut

## **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL BASED UPON AN AUDIT OF FINANCIAL STATEMENTS**

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

We have audited the financial statements of the Connecticut State University System Foundation, Inc, (the Foundation), as of and for the fiscal year ended June 30, 2003, and have issued our report dated March 13, 2007.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

This report is intended for the information of the Board of Directors. However, this report is a matter

of public record and its distribution is not limited.

Kevin P. Johnston  
Auditor of Public Accounts

Robert G. Jaekle  
Auditor of Public Accounts

March 13, 2007  
State Capitol  
Hartford, Connecticut