CONNECTICUT CANCER FOUNDATION, INC.
AND SUBSIDIARY

AUDIT RESULTS

Year ended June 30, 2021

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Capossela, Cohen, LLC
CERTIFIED PUBLIC ACCOUNTANTS • MEMBER AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

368 CENTER STREET • SOUTHPORT, CONNECTICUT 06890-1432
203-254-7000 • FAX 203-259-4032 • www.capossela.com

September 28, 2021

To the Board of Directors of
Connecticut Cancer Foundation, Inc. and Subsidiary

We are pleased to present the results of our audit of the consolidated financial statements of Connecticut Cancer Foundation, Inc. (the "Foundation") and Subsidiary.

This report summarizes our audit, the scope of our engagement and the reports issued. The document also reviews the communications required by our professional standards.

The completion of this year's audit was accomplished through the effective support and the assistance of the Foundation's management and administrative personnel. As always, we strive to continually improve the quality of our audit services. This meeting is a forum for you to provide feedback on ways we can continue to meet and exceed your expectations.

We appreciate this opportunity to meet with you. If you have any questions or comments, please do not hesitate to contact us.

Very truly yours,

Capossela, Cohen, LLC

Client Service Team

Name	Title	Phone Number	E-Mail Address
Joseph Barranca	Partner	203-254-7000, Ext. 216	jbarranca@capossela.com
Michael Troester	Manager	203-254-7000, Ext. 215	mtroester@capossela.com
Annette Konopka	Staff	203-254-7000, Ext. 236	akonopka@capossela.com

Audit Results - Areas of Emphasis

Our Approach

Our audit plan represented an approach responsive to the assessment of risk for the Foundation. Specifically, we designed our audit and other procedures to:

- Express an opinion on the consolidated financial statements of the Foundation.
- Issue Governing Body communications.
- Maintain open lines of communication with management and the Board of Directors.

Areas of Audit Emphasis

The areas of audit emphasis were as follows:

- Understand and Document Internal Control Environment
  - Purchases and cash disbursements
  - Fundraising income
- Cash;
- Investments;
- Pledges receivable;
- Classification of net assets;
- Possible unrecorded liabilities;
- Commitments and contingencies;
- In-kind donations;
- Fraud considerations

There were no changes to our planned approach or areas of audit emphasis.

Required Communications

<u>Communication of Internal Control Matters Identified During the Audit</u>

In planning and performing our audit of the consolidated financial statements of Connecticut Cancer Foundation, Inc. and Subsidiary as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

A control deficiency 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 misstatements on a timely basis.

A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Foundation's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Foundation's financial statements that is more than inconsequential will not be prevented or detected by the Foundation's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We consider the following deficiency to be a *material weakness* in internal control:

- ***<u>Preparation of Financial Statements</u>***
  Due to the limited number of personnel available in the Foundation, management has requested that our firm prepare the consolidated financial statements and footnote disclosures for them to review and approve. The Foundation relies on our expertise to prepare the statements in accordance with Generally Accepted Accounting Principles (GAAP). This does not violate professional independence standards as management takes responsibility for the statements and management believes this is the most cost effective option for the Foundation.

  Since there is more than a remote likelihood that a material misstatement of the consolidated financial statements would not be prevented or detected by management and the Board of Director's review of the consolidated financial statements, we consider this to be a material weakness in internal control.

Required Communications (Continued)

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the consolidated financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control structure of the Foundation. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application.

- Effective July 1, 2020, the Foundation adopted Accounting Standard Codification (ASC) Topic 606, "Revenue from Contracts with Customers" (Topic 606). The new standard provides for a comprehensive five-step model for recognizing revenue. The core principle of Topic 606 is that revenue shall be recognized when goods and services promised under a contract are transferred to the customer, as contemplated under the contract and for which the Foundation is reasonably entitled to compensation. There was no effect on the fiscal 2021 and 2020 consolidated financial statements as a result of the adoption of this accounting standard.

Accounting Estimates

Accounting estimates are an integral part of the consolidated financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

- The Foundation has limited estimates within the consolidated financial statements.

Required Communications (Continued)

Material Corrected and Uncorrected Misstatements

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the consolidated financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Foundation's financial reporting process (that is, cause future financial statements to be materially misstated).

- During our audit, there ***were no individually material audit adjustments*** that we proposed, however, the net effect of all audit adjustments we proposed was material with respect to the financial statements and had a significant and material impact on the Foundation's financial reporting process. See page 8 for adjusting entries, which were agreed to and recorded by the Foundation.

Significant Unusual Transactions

No transactions entered into by the Foundation were noted during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the consolidated financial statements or the auditor's report.

- No such disagreements arose during the course of our audit.

Difficulties Encountered in Performing the Audit

- We encountered no significant difficulties in dealing with management in performing and completing our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Foundation's financial statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts.

- To our knowledge, there were no such consultations with other accountants.

Required Communications (Continued)

Independence

- We are not aware of any instances that we believe may reasonably be thought to bear on our independence.

Management Representation

- We have requested certain representations from management that are included in the management letter, which will be dated as of the date of the auditor's report.

Management Comments and Suggestions for Improvements:

During our audit we noted matters that are opportunities for strengthening internal controls and operating efficiency. It should be understood that our comments deal exclusively with operational, accounting, and record keeping systems, procedures, and controls, and should not be regarded as reflecting on the integrity or capabilities of anyone in the Foundation. It should be further recognized that our comments have been restricted to suggested improvements, and are not intended as a commentary on the various favorable aspects of the Foundation's procedures and controls.

- ***Dual Signature Requirement on Checks***
  During our prior year audit, we noted that for all checks written, regardless of dollar amount, only one signature is required. We recommended the Foundation consider implementing a policy whereby checks written over a pre-determined amount require two signatures. Allowances within this policy could be made for normal and recurring disbursements that exceed the established dollar amount.

  During our current year audit, we noted this recommendation was ***not yet implemented***.

- ***Bank Deposits***
  During our prior year audit, we recommended an employee other than the internal accountant be responsible for physically depositing funds. This would enhance controls over cash receipts.

  During our current year audit, we noted this recommendation was ***not yet implemented***.

- ***Operating Agreement - 15 North Main Street***
  The operating agreement should be updated to include the current name of the Foundation.

Adjusting Journal Entries

Item #	Account Name and Adjustment Description	Debit	Credit
1	Cash	$ 1,185	
	Supplies		$ 1,185
	To write off old uncleared checks		
2	Depreciation expense	$ 98,990	
	Accum. Depr. – furniture and fixtures		$ 13,521
	Accum. Depr. – building		$ 47,434
	Accum. Depr. – equipment		$ 19,836
	Accum. Depr. – building improvements		$ 1,581
	Accum. Depr. – solar panels		$ 15,100
	Accum. Depr. – land improvements		$ 1,518
	To record depreciation		
3	Memorabilia supplies	$ 1,156	
	Inventory memorabilia		$ 1,156
	To adjust memorabilia supplies inventory		
4	Pledge discount	$ 6,693	
	Discount on long-term pledges		$ 6,693
	To adjust discount on long-term pledges		
5	Loan payable – PPP	$ 47,600	
	Loan forgiveness income		$ 47,600
	To reclassify first PPP loan forgiven		
6	Solar energy production income	$ 4,329	
	Utilities		$ 4,329
	To reclassify energy rebate credits		

Consolidated Financial Statement Comments

General Comments

- Unqualified opinion on consolidated financial statements

- Financial position

    - Working capital surplus of $199,000, prior year surplus of $367,000
        - Decrease in surplus mostly due to decrease in cash balance

    - Net assets of $10,040,000; prior year $8,736,000
        - Increase mostly due to current year return on investments

    - Investments of $8,581,000; prior year $6,914,000

        - Increase in investments due to:
            - $226,000 of dividend and interest income, net of fees of $39,000
            - $1,222,000 of net realized and unrealized gains
            - $642,000 of contributions and special event proceeds deposited to investment account
            - $434,000 of disbursements made from investment account

- Activities
    - Change in net assets of $1,305,000; prior year $136,000
        - Mostly due to increase in investment return

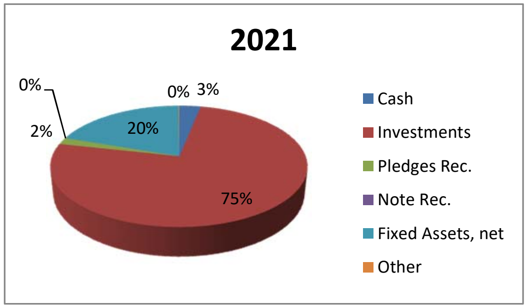
    - Management and general expense as a percentage of total revenue:
        - 3% ; prior year 9%
            - Decrease in percentage mostly due to significant increase in revenue resulting from higher investment return

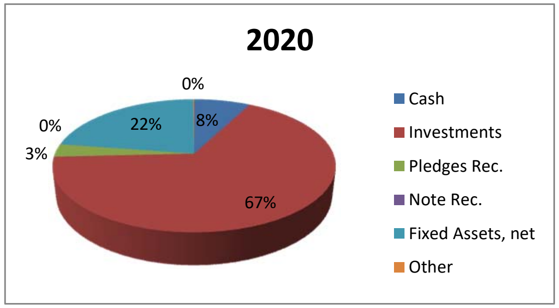
    - Management and general expense as a percentage of total expenses:
        - 2021 - 7%
        - 2020 - 11%
        - 2019 - 10%
        - 2018 - 11%
        - 2017 - 9%

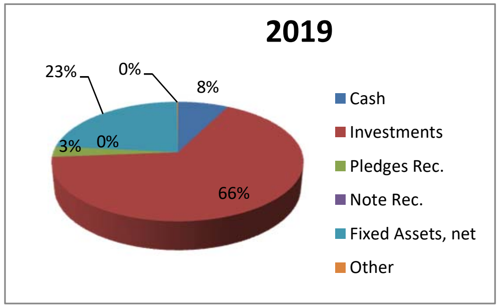
    - Fundraising expense as a percentage of total expense 10%; prior year 25%
            - Decrease in percentage due to reallocation of payroll and building related expenses

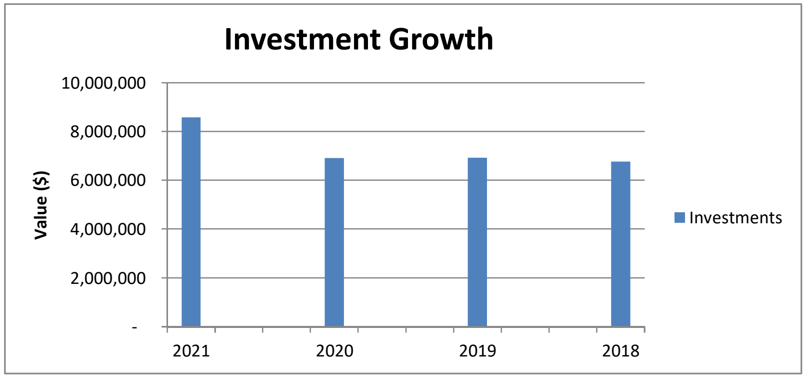
CONNECTICUT CANCER FOUNDATION, INC. AND SUBSIDIARY
ASSET ANALYSIS

	2021	2020	2019	2018
Cash	$ 361,597	$ 799,822	$ 793,502	$ 627,824
Investments	8,581,362	6,913,993	6,917,078	6,763,292
Pledges Rec.	204,038	325,345	296,530	414,279
Note Rec.	-	-	-	-
Fixed Assets, net	2,236,316	2,335,306	2,434,409	2,442,515
Other	15,039	16,028	16,788	15,990
	$ 11,398,352	$ 10,390,494	$ 10,458,307	$ 10,263,900









CONNECTICUT CANCER FOUNDATION, INC. AND SUBSIDIARY
EXPENSE ANALYSIS

	2021	2020	2019	2018
Special Events - Direct Expenses	$ 12,706	$ 313,176	$ 256,258	$ 466,244
Fundraising	100,684	280,660	306,516	275,280
Research Grants	135,000	135,000	115,000	135,000
Recipient Payments	492,234	474,835	485,459	375,332
Other Program Expenses	250,398	114,055	120,693	108,427
Management and General	70,291	118,132	115,047	112,005
	$ 1,061,313	$ 1,435,858	$ 1,398,973	$ 1,472,288