

**CONNECTICUT CANCER FOUNDATION, INC.
AND SUBSIDIARY**

AUDIT RESULTS

Year ended June 30, 2023

TABLE OF CONTENTS

	<u>Page Number</u>
Audit Results	
• Client Service Team	2
• Areas of Emphasis	3
Governing Body Communications	
• Required Communications	4-7
• Adjusting Journal Entries	8
Consolidated Financial Statement Comments	9
Consolidated Financial Statements	



Capossela, Cohen, LLC

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November 13, 2023

**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

<u>Name</u>	<u>Title</u>	<u>Phone Number</u>	<u>E-Mail Address</u>
Joseph Barranca	Partner	203-254-7000, Ext. 216	jbarranca@capossela.com
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Caroline Hoey	Staff	203-254-7000, Ext. 240	choey@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

Communication of Internal Control Matters Identified During the Audit

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, 2023, 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 first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be significant deficiencies. However, significant deficiencies may exist that have not been identified.

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 a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented, or detected and corrected, on a timely basis. 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.

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.

Required Communications (Continued)

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. The significant policies used by the Foundation are described in Note A to the financial statements. We noted no transactions entered into by the Foundation 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.

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.

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 material audit adjustments* that we proposed and were recorded by the Foundation that had a significant and material impact on the Foundation's financial reporting process. These adjustments included the following:

- Audit adjustments of approximately \$300,000 were needed to adjust pledges receivable and revenue.

Please refer to the Adjusting Journal Entries shown on page 8. All proposed adjustments were recorded by management.

Please note that management relies upon Capossela, Cohen, LLC to assist them in making year-end journal entries.

Required Communications (Continued)

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.

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.

Required Communications (Continued)

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**

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**

In order to ensure proper segregation of duties within the cash receipts area, we recommended an employee other than the accountant be responsible for physically depositing funds.

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	Income - L&M Hospital grant	\$ 200,000	
	Pledges receivable		\$ 200,000
	To reverse pledge receivable already recorded in prior year		
2	Income - L&M Hospital grant	\$ 100,000	
	Pledges receivable		\$ 100,000
	To write off remaining balance of pledge receivable due to canceled contract		
3	Pledges receivable	\$ 9,750	
	Income - Pink Aid		\$ 9,750
	To recognize pledge receivable		
4	Pledge discount	\$ 3,538	
	Discount on long-term pledges		\$ 3,538
	To adjust discount on long-term pledges		
5	Depreciation expense	\$ 69,924	
	Accum. Depr. – furniture and fixtures		\$ 13,521
	Accum. Depr. – building		\$ 47,434
	Accum. Depr. – equipment		\$ 3,408
	Accum. Depr. – building improvements		\$ 1,581
	Accum. Depr. – solar panels		\$ 1,258
	Accum. Depr. – land improvements		\$ 1,518
	Accum. Depr. – leasehold improvements		\$ 1,204
	To record depreciation		
6	Inventory - memorabilia	\$ 1,455	
	Supplies - memorabilia		\$ 1,455
	To adjust memorabilia inventory		

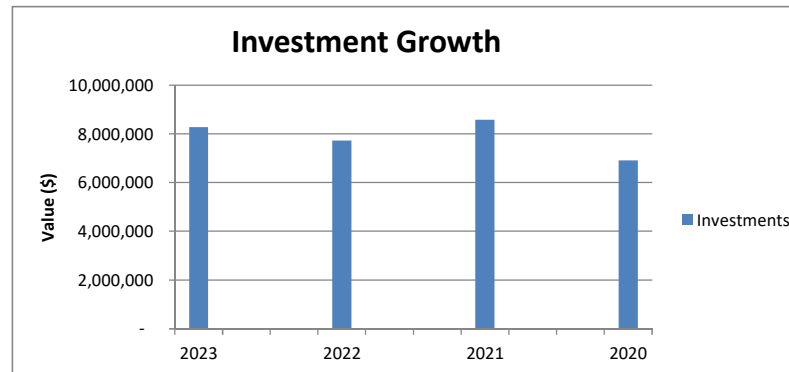
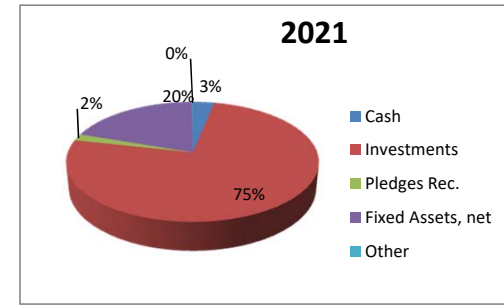
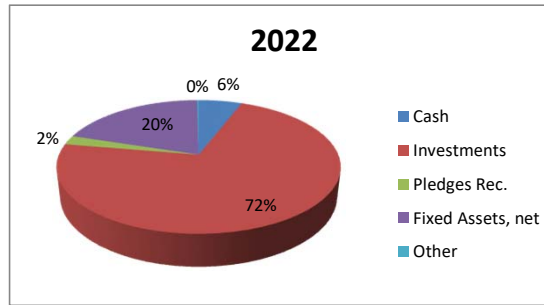
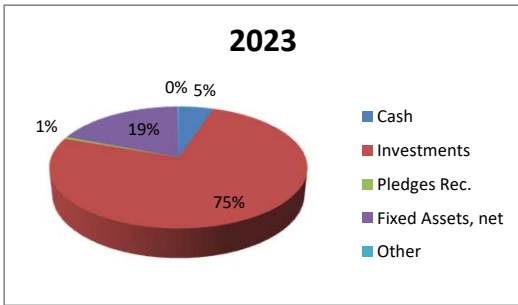
Consolidated Financial Statement Comments

General Comments

- Unqualified opinion on consolidated financial statements
- Financial position
 - Working capital surplus of \$393,000, prior year surplus of \$487,000
 - Decrease in surplus mostly due to decrease in cash derived from operating activities and decrease in current portion of pledges receivable
 - Net assets of \$9,996,000; prior year \$9,446,000
 - Increase due to current year net income
 - Investments of \$8,272,000; prior year \$7,719,000
 - Increase in investments due to:
 - \$285,000 of dividend and interest income, net of fees of \$40,000
 - \$480,000 of net realized and unrealized gains on securities
 - \$129,000 of contributions and special event proceeds deposited to investment account
 - \$341,000 of disbursements made from investment account
- Activities
 - Change in net assets of \$551,000; prior year \$(595,000)
 - Mostly due to net realized and unrealized gains on investments
 - Management and general expense as a percentage of total revenue:
 - 4% ; prior year 13%
 - Decrease in percentage mostly due to significant increase in net revenue, resulting from investment return
 - Management and general expense as a percentage of total expenses:
 - 2023 - 5%
 - 2022 - 6%
 - 2021 - 7%
 - 2020 - 11%
 - 2019 - 10%
 - Fundraising expense as a percentage of total expense 9%; prior year 11%

**CONNECTICUT CANCER FOUNDATION, INC. AND SUBSIDIARY
ASSET ANALYSIS**

	2023	2022	2021	2020
Cash	\$ 565,998	\$ 635,948	\$ 361,597	\$ 799,822
Investments	8,271,578	7,719,209	8,581,362	6,913,993
Pledges Rec.	65,442	239,154	204,038	325,345
Fixed Assets, net	2,073,422	2,143,346	2,236,316	2,335,306
Other	<u>24,252</u>	<u>22,077</u>	<u>15,039</u>	<u>16,028</u>
	\$ <u><u>11,000,692</u></u>	\$ <u><u>10,759,734</u></u>	\$ <u><u>11,398,352</u></u>	\$ <u><u>10,390,494</u></u>



CONNECTICUT CANCER FOUNDATION, INC. AND SUBSIDIARY EXPENSE ANALYSIS

	2023	2022	2021	2020
Special Events - Direct Expenses	\$ 252,196	\$ 99,572	\$ 12,706	\$ 313,176
Fundraising	115,180	121,005	100,684	280,660
Research Grants	155,000	155,000	135,000	135,000
Recipient Payments	702,939	517,920	492,234	474,835
Other Program Expenses	250,167	277,521	250,398	114,055
Management and General	70,159	73,445	70,291	118,132
	<u>\$ 1,545,641</u>	<u>\$ 1,244,463</u>	<u>\$ 1,061,313</u>	<u>\$ 1,435,858</u>

