

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

Independent Auditors' Report  
Financial Statements

September 30, 2017 and 2016



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

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September 30, 2017 and 2016

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of The Connecticut Fund for the Environment, Inc. (the "Connecticut Fund"), which comprise the statements of financial position as of September 30, 2017 and 2016, and the related statements of activities, functional expenses 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 audit 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 as of September 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Whittlesey PC*

Hartford, Connecticut  
August 22, 2018

# THE CONNECTICUT FUND FOR THE ENVIRONMENT, INC.

## Statements of Financial Position

September 30, 2017 and 2016

	2017	2016
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 62,864	\$ 32,469
Cash and cash equivalents - restricted	668,190	328,858
	731,054	361,327
Grants and accounts receivable	166,350	162,610
Promises to give	543,770	215,900
Prepaid expenses	76,425	40,237
Total current assets	1,517,599	780,074
Non-current assets:		
Promises to give, long term, net	163,462	406,080
Marketable securities	4,451,443	3,551,965
Furniture and equipment, net	74,718	85,819
Charitable lead unitrust	-	2,050
Charitable remainder trust	1,952,188	1,863,263
Beneficial interest in perpetual trust	952,551	927,117
Total non-current assets	7,594,362	6,836,294
Total assets	\$ 9,111,961	\$ 7,616,368
 <b>Liabilities and Net Assets</b>		
Current liabilities:		
Line of credit	\$ 150,000	\$ -
Accounts payable	40,069	68,426
Accrued expenses	148,037	147,937
Total current liabilities	338,106	216,363
Net assets:		
Unrestricted	1,504,584	1,672,281
Temporarily restricted	4,039,238	3,448,125
Permanently restricted	3,230,033	2,279,599
Total net assets	8,773,855	7,400,005
Total liabilities and net assets	\$ 9,111,961	\$ 7,616,368

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

	<u>Unrestricted</u>	<u>Temporarily</u>	<u>Permanently</u>	<u>Total</u>
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	<u>3,352,047</u>	<u>331,872</u>	<u>925,000</u>	<u>4,608,919</u>
Expenses:				
Program	2,475,473	-	-	2,475,473
Management and general	603,403	-	-	603,403
Fundraising	584,530	-	-	584,530
Total expenses	<u>3,663,406</u>	<u>-</u>	<u>-</u>	<u>3,663,406</u>
Changes in net assets before other changes	<u>(311,359)</u>	<u>331,872</u>	<u>925,000</u>	<u>945,513</u>
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	<u>143,662</u>	<u>259,241</u>	<u>25,434</u>	<u>428,337</u>
Total changes in net assets	(167,697)	591,113	950,434	1,373,850
Net assets, beginning of year	<u>1,672,281</u>	<u>3,448,125</u>	<u>2,279,599</u>	<u>7,400,005</u>
Net assets, end of year	<u>\$ 1,504,584</u>	<u>\$ 4,039,238</u>	<u>\$ 3,230,033</u>	<u>\$ 8,773,855</u>

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, 2016

	<u>Unrestricted</u>	<u>Temporarily</u>	<u>Permanently</u>	<u>Total</u>
Support and revenues:				
Membership fees				
and contributions	\$ 2,570,462	\$ 355,368	\$ -	\$ 2,925,830
Government grants	1,549,891	-	-	1,549,891
Interest and dividends	25,934	43,111	-	69,045
Net assets released from				
prior years' restrictions	874,393	(874,393)	-	-
Total support and revenues	<u>5,020,680</u>	<u>(475,914)</u>	<u>-</u>	<u>4,544,766</u>
Expenses:				
Program	3,944,001	-	-	3,944,001
Management and general	535,737	-	-	535,737
Fundraising	638,768	-	-	638,768
Total expenses	<u>5,118,506</u>	<u>-</u>	<u>-</u>	<u>5,118,506</u>
Changes in net assets				
before other changes	<u>(97,826)</u>	<u>(475,914)</u>	<u>-</u>	<u>(573,740)</u>
Realized and				
unrealized gains, net	139,202	156,249	-	295,451
Change in value of				
remainder trust	-	69,877	-	69,877
Change in value of				
beneficial interest				
in perpetual trust	-	-	(5,294)	(5,294)
Total other changes	<u>139,202</u>	<u>226,126</u>	<u>(5,294)</u>	<u>360,034</u>
Total changes in				
net assets	41,376	(249,788)	(5,294)	(213,706)
Net assets,				
beginning of year	<u>1,630,905</u>	<u>3,697,913</u>	<u>2,284,893</u>	<u>7,613,711</u>
Net assets,				
end of year	<u>\$ 1,672,281</u>	<u>\$ 3,448,125</u>	<u>\$ 2,279,599</u>	<u>\$ 7,400,005</u>

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, 2017 and 2016

	2017				2016			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Wages	\$ 1,373,259	\$ 392,700	\$ 363,707	\$ 2,129,666	\$ 1,388,110	\$ 272,804	\$ 353,643	\$ 2,014,557
Fringe benefits and payroll taxes	289,799	70,293	64,175	424,267	274,585	66,808	78,292	419,685
Engineers and construction	126,922	-	-	126,922	1,485,867	-	-	1,485,867
Consultants	207,060	269	16,256	223,585	278,183	6,500	74,068	358,751
Occupancy	148,392	37,673	27,491	213,556	104,263	30,106	22,515	156,884
Office expenses	73,267	22,409	25,065	120,741	111,303	77,596	30,284	219,183
Printing	23,911	1,966	50,639	76,516	35,100	1,684	56,193	92,977
Professional fees	36,365	35,298	4,170	75,833	104,999	26,678	4,812	136,489
Program expenses	54,910	4,352	8,244	67,506	40,843	18,713	492	60,048
Lobbying and media	32,683	-	10,500	43,183	26,352	-	-	26,352
Travel and conferences	68,711	378	1,745	70,834	46,310	2,345	10,887	59,542
Meetings and events	2,846	1,675	-	4,521	19,402	1,638	-	21,040
Investment fees	-	23,319	-	23,319	-	20,663	-	20,663
Insurance	27,735	3,235	3,631	34,601	21,100	3,356	3,469	27,925
Publications	4,693	-	-	4,693	5,409	-	-	5,409
Membership acquisition	1,805	-	8,616	10,421	-	-	4,064	4,064
Depreciation	3,115	9,836	291	13,242	2,175	6,846	49	9,070
<b>Total</b>	<b>\$ 2,475,473</b>	<b>\$ 603,403</b>	<b>\$ 584,530</b>	<b>\$ 3,663,406</b>	<b>\$ 3,944,001</b>	<b>\$ 535,737</b>	<b>\$ 638,768</b>	<b>\$ 5,118,506</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 1,373,850	\$ (213,706)
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	13,242	9,070
Net realized and unrealized gains on investments	(313,978)	(295,451)
Change in value of charitable trusts	(112,309)	(64,583)
Contributions to endowment	(925,000)	-
(Increase)/decrease in assets		
Grants and accounts receivable	(3,740)	4,804
Promises to give	(85,252)	450,621
Prepaid expenses	(36,188)	40,995
Increase/(decrease) in liabilities		
Accounts payable	(28,357)	(201,107)
Accrued expenses	100	34,911
Net cash provided/(used) by operating activities	<u>(117,632)</u>	<u>(234,446)</u>
<b>Cash flows from investing activities</b>		
Purchase of furniture and equipment	(2,141)	(72,259)
Contributions to endowment	925,000	-
Proceeds from sale of marketable securities	3,735,248	525,991
Purchase of marketable securities	<u>(4,320,748)</u>	<u>(511,282)</u>
Net cash used by investing activities	<u>337,359</u>	<u>(57,550)</u>
<b>Cash flows from financing activities</b>		
Proceeds from line of credit	<u>150,000</u>	<u>-</u>
Net cash provided by financing activities	<u>150,000</u>	<u>-</u>
Net change in cash	369,727	(291,996)
Cash, beginning of year	<u>361,327</u>	<u>653,323</u>
Cash, end of year	<u><u>\$ 731,054</u></u>	<u><u>\$ 361,327</u></u>

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

# THE CONNECTICUT FUND FOR THE ENVIRONMENT, INC.

## Notes to Financial Statements

September 30, 2017 and 2016

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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 personal property 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 2017 through August 22, 2018, the date on which financial statements were available to be issued.

*Reclassifications* – Certain reclassifications were made to the 2016 amounts to be consistent with 2017 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>2017</u>	<u>2016</u>
Receivable in less than one year	\$ 543,770	\$ 215,900
Receivable in one to five years	<u>170,000</u>	<u>430,000</u>
Total promises to give	713,770	645,900
less discount	<u>(6,538)</u>	<u>(23,920)</u>
Promises to give, net	<u><u>\$ 707,232</u></u>	<u><u>\$ 621,980</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>2017</u>	<u>2016</u>
Short term investments	\$ 321,746	\$ 154,822
Government and agency bonds	753,144	661,351
Corporate bonds	57,297	114,474
Other fixed income	266,626	201,551
Domestic equities	2,926,979	2,343,869
Foreign equities	<u>125,651</u>	<u>75,898</u>
Total marketable securities	<u><u>\$ 4,451,443</u></u>	<u><u>\$ 3,551,965</u></u>

All marketable securities are valued using Level 1 inputs. All marketable securities are valued at 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>2017</u>	<u>2016</u>
Furniture and equipment	\$ 211,969	\$ 211,969
Leasehold improvements	22,839	22,839
IT hardware	<u>31,804</u>	<u>29,663</u>
Fixed assets	266,612	264,471
Less accumulated depreciation	<u>(191,894)</u>	<u>(178,652)</u>
 Furniture and equipment, net	 <u>\$ 74,718</u>	 <u>\$ 85,819</u>

**NOTE 5 – CHARITABLE LEAD UNITRUST**

A donor through an estate has established a Charitable Lead Unitrust naming the Connecticut Fund as the lead beneficiary. Under the terms of the split-interest agreement, at the end of the 15 year agreement the trust will terminate and the remaining trust assets are to be distributed to the named beneficiaries. The trust terminated in June of 2012; as of September 30, 2017 and 2016 \$-0- and \$2,050 was receivable from the trust, respectively.

**NOTE 6 – 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>2017</u>	<u>2016</u>
Fair value of trust assets	\$ 3,411,584	\$ 3,421,301
Projected future earnings less payouts	<u>(531,010)</u>	<u>(572,965)</u>
 Future estimated value of trust assets	 2,880,574	 2,848,336
Discount	<u>(928,386)</u>	<u>(985,073)</u>
 Charitable remainder unitrust	 <u>\$ 1,952,188</u>	 <u>\$ 1,863,263</u>

**NOTE 7 – 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 be applied to the executive director's salary and general educational purposes. The fair value as of September 30, 2017 and 2016 was \$952,551 and \$927,117 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 8 – LINE OF CREDIT

The Connecticut Fund has a \$150,000 line of credit with People’s United Bank that bears interest at 5.25%. The line of credit expires on August 31, 2018. The balance drawn on the line of credit was \$150,000 and \$-0- as of September 30, 2017 and 2016, respectively.

## NOTE 9 – 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, 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>

**NOTE 9 – 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, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted	\$ -	\$ 557,530	\$ 1,352,482	\$ 1,910,012
Strike force fund	763,702	-	-	763,702
Board-designated	878,251	-	-	878,251
Total endowment	<u>\$ 1,641,953</u>	<u>\$ 557,530</u>	<u>\$ 1,352,482</u>	<u>\$ 3,551,965</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, 2015	\$ 1,505,684	\$ 413,057	\$ 1,352,482	\$ 3,271,223
Investment income	25,934	43,111	-	69,045
Realized gains	62,741	43,622	-	106,363
Unrealized gains	76,461	112,627	-	189,088
Investment fees	(3,893)	(16,770)	-	(20,663)
	<u>161,243</u>	<u>182,590</u>	<u>-</u>	<u>343,833</u>
Appropriations for expenditure	<u>(24,974)</u>	<u>(38,117)</u>	<u>-</u>	<u>(63,091)</u>
Balance September 30, 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	<u>\$ 1,462,333</u>	<u>\$ 711,628</u>	<u>\$ 2,277,482</u>	<u>\$ 4,451,443</u>

**NOTE 10 – NET ASSET RESTRICTIONS**

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

	<u>2017</u>	<u>2016</u>
Program restrictions:		
Restoration	\$ 218,637	\$ 88,016
Legal	-	10,000
Green infrastructure	112,569	59,316
Climate and energy	118,298	77,089
Endangered lands	135,894	106,935
Long Island Sound	82,792	61,946
Time restrictions:		
Pledges restricted by the passage of time	707,232	621,980
Endowment gains	711,628	557,530
Charitable lead trust	-	2,050
Charitable remainder trust	<u>1,952,188</u>	<u>1,863,263</u>
Total temporarily restricted net assets	<u>\$ 4,039,238</u>	<u>\$ 3,448,125</u>

Temporarily restricted net assets released from restrictions for program and time restrictions met totaled \$1,481,572 and \$194,094, respectively, for the year ended September 30, 2017.

Temporarily restricted net assets released from restrictions for program and time restrictions met totaled \$357,557 and \$500,066, respectively, for the year ended September 30, 2016.

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

	<u>2017</u>	<u>2016</u>
General support	\$ 572,720	\$ 572,720
Communication director's compensation	396,262	396,262
Peter B. Cooper Fellowship	1,277,500	352,500
Hartford office	<u>31,000</u>	<u>31,000</u>
Permanently restricted investments	2,277,482	1,352,482
Beneficial interest in perpetual trust	<u>952,551</u>	<u>927,117</u>
Total permanently restricted net assets	<u>\$ 3,230,033</u>	<u>\$ 2,279,599</u>



## **NOTE 11 – 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 \$756,491 and \$763,702 at September 30, 2017 and 2016, respectively.

## **NOTE 12 – 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 2018. Total rental expense was \$134,872 and \$99,730 for the years ended September 30, 2017 and 2016, respectively.

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

2018	\$	124,689
2019		128,191
2020		128,892
2021		132,394
2022		110,329

**NOTE 13 – FUNCTIONAL EXPENSES**

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

	<u>2017</u>	<u>2016</u>
Program expenses:		
Habitat restoration	\$ 39,963	\$ 777,362
Long Island Sound	721,700	789,472
Green infrastructure	500,705	1,226,167
Climate & energy	393,224	450,091
Transportation	-	32,173
Communications	114,614	103,030
Endangered lands project	399,449	357,887
Adjudication	260,888	96,904
Education	31,230	87,701
Beach clean up	13,700	23,214
	<u>2,475,473</u>	<u>3,944,001</u>
Total program		
Administrative expenses	603,403	535,737
Fundraising expenses	584,530	638,768
	<u>584,530</u>	<u>638,768</u>
Total expenses	<u>\$ 3,663,406</u>	<u>\$ 5,118,506</u>

**NOTE 14 – 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 \$45,477 and \$56,082 for the years ended September 30, 2017 and 2016, respectively.

**NOTE 15 – 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 \$2,221 and \$2,103 for the year ended September 30, 2017 and 2016, respectively. The value of the funds held at CFGNH was \$390,973 and \$357,842 for the years ended September 30, 2017 and 2016, respectively, and is not recorded on the statements of financial position.

**Headquarters**

280 Trumbull Street, 24th Floor  
Hartford, CT 06103  
860.522.3111

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One Hamden Center  
2319 Whitney Avenue, Suite 2A  
Hamden, CT 06518  
203.397.2525

14 Bobala Road, 3rd Floor  
Holyoke, MA 01040  
413.536.3970

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**WAdvising.com**