

**CCSU Foundation, Inc.**

**Financial Statements and Independent  
Auditor's Report**

**June 30, 2021  
(With Comparative Totals for June 30, 2020)**

---

**CCSU Foundation, Inc.**

Index

	<u>Page</u>
Independent Auditor's Report	2
Financial Statements	
Statement of Financial Position	4
Statement of Activities and Changes in Net Assets	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8

## Independent Auditor's Report

To the Board of Directors  
CCSU Foundation, Inc.

We have audited the accompanying financial statements of CCSU Foundation, Inc., which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year 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.

### *Auditor's Responsibility*

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. 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 auditor's 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 entity'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 entity'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 CCSU Foundation, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Report on Summarized Comparative Information*

We have previously audited CCSU Foundation, Inc.'s June 30, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 16, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*CohnReznick LLP*

Hartford, Connecticut  
November 29, 2021

**CCSU Foundation, Inc.**

**Statement of Financial Position  
June 30, 2021  
(With Comparative Totals for June 30, 2020)**

	<u>Assets</u>	
	<u>2021</u>	<u>2020</u>
Current assets		
Cash and cash equivalents	\$ 353,003	\$ 1,241,375
Promises to give, net	3,064,886	3,184,408
Prepaid expenses	3,302	1,525
Investments	95,345,744	75,825,455
Other asset	183,876	183,876
Cash surrender value of life insurance	156,745	146,062
Beneficial interest in trust	647,268	534,410
Art collection	57,000	57,000
	<u>57,000</u>	<u>57,000</u>
 Total assets	 <u>\$ 99,811,824</u>	 <u>\$ 81,174,111</u>
	 <u>Liabilities and Net Assets</u>	
Current liabilities		
Class accounts	\$ 99,085	\$ 79,961
Accounts payable and accrued expenses	122,886	140,535
Payable to CCSU	98,374	238,962
Payable to Alumni Association	48,630	39,364
	<u>48,630</u>	<u>39,364</u>
 Total liabilities	 <u>368,975</u>	 <u>498,822</u>
Net assets		
Without donor restrictions		
Undesignated	2,257,116	1,751,701
Board designated	162,729	132,069
With donor restrictions		
Time or purpose restricted	43,509,020	26,926,316
Restricted in perpetuity	53,513,984	51,865,203
	<u>53,513,984</u>	<u>51,865,203</u>
 Total net assets	 <u>99,442,849</u>	 <u>80,675,289</u>
 Total liabilities and net assets	 <u>\$ 99,811,824</u>	 <u>\$ 81,174,111</u>

See Notes to Financial Statements.

**CCSU Foundation, Inc.**

**Statement of Activities and Changes in Net Assets  
Year Ended June 30, 2021  
(With Comparative Totals for Year Ended June 30, 2020)**

	2021			2020
	Without donor restrictions	With donor restrictions	Total	Total
Revenue				
Contributions	\$ 133,044	\$ 2,941,379	\$ 3,074,423	\$ 2,503,406
Program income	3,740	71,757	75,497	137,300
Investment income	375,825	18,912,917	19,288,742	549,163
Donated services	1,633,280	-	1,633,280	1,616,652
Bad debt recovery	-	41,600	41,600	55,500
Net assets released from restrictions	3,736,168	(3,736,168)	-	-
<b>Total revenue</b>	<b>5,882,057</b>	<b>18,231,485</b>	<b>24,113,542</b>	<b>4,862,021</b>
Expenses				
Institutional enrichment	95,232	-	95,232	139,824
Student support	3,149,858	-	3,149,858	2,958,094
University support	384,546	-	384,546	774,529
Academic enrichment	434,832	-	434,832	328,937
Management and general	750,194	-	750,194	624,720
Fundraising	531,320	-	531,320	516,811
<b>Total expenses</b>	<b>5,345,982</b>	<b>-</b>	<b>5,345,982</b>	<b>5,342,915</b>
Changes in net assets	536,075	18,231,485	18,767,560	(480,894)
Net assets, beginning	1,883,770	78,791,519	80,675,289	81,156,183
<b>Net assets, end</b>	<b>\$ 2,419,845</b>	<b>\$ 97,023,004</b>	<b>\$ 99,442,849</b>	<b>\$ 80,675,289</b>

See Notes to Financial Statements.

CCSU Foundation, Inc.

Statement of Functional Expenses  
 Year Ended June 30, 2021  
 (With Comparative Totals for Year Ended June 30, 2020)

	2021					2020			
	Program expenses					Management and general	Fundraising	Total expenses	Total
	Institutional enrichment	Student support	University Support	Academic enrichment	Total program				
Scholarships	\$ 18,750	\$ 2,006,717	\$ 45,638	\$ 126,490	\$ 2,197,595	\$ -	\$ -	\$ 2,197,595	\$ 2,194,432
Donated services	-	726,300	-	-	726,300	375,660	531,320	1,633,280	1,616,652
Grants	68,923	309,329	217,335	274,493	870,080	-	-	870,080	911,082
Payroll	-	-	-	-	-	218,840	-	218,840	79,393
Stipends and contract service	7,353	92,550	3,775	18,443	122,121	4,079	-	126,200	158,816
Supplies and equipment	-	7,591	64,105	1,719	73,415	46,603	-	120,018	161,109
Travel, meals and entertainment	-	-	45,172	4,202	49,374	112	-	49,486	80,528
Professional fees	-	2,900	-	-	2,900	50,750	-	53,650	49,368
Bank fees	-	-	-	-	-	29,514	-	29,514	20,556
Membership program	-	-	1,426	979	2,405	10,626	-	13,031	35,723
Special events	-	-	-	-	-	-	-	-	12,130
Miscellaneous	206	703	7,095	5,506	13,510	5,976	-	19,486	10,021
Insurance	-	-	-	-	-	6,376	-	6,376	7,585
Advertising	-	3,768	-	3,000	6,768	1,658	-	8,426	5,520
<b>Total</b>	<b>\$ 95,232</b>	<b>\$ 3,149,858</b>	<b>\$ 384,546</b>	<b>\$ 434,832</b>	<b>\$ 4,064,468</b>	<b>\$ 750,194</b>	<b>\$ 531,320</b>	<b>\$ 5,345,982</b>	<b>\$ 5,342,915</b>

See Notes to Financial Statements.

**CCSU Foundation, Inc.**

**Statement of Cash Flows**  
**Year Ended June 30, 2021**  
**(With Comparative Totals for Year Ended June 30, 2020)**

	2021	2020
Cash flows from operating activities		
Changes in net assets	\$ 18,767,560	\$ (480,894)
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Contributions designated for long-term investment	(1,690,719)	(1,049,028)
Realized and unrealized (gains) losses	(16,966,423)	699,481
Beneficial interest in trusts	(112,858)	(1,025)
Bad debt recovery	(41,600)	(55,500)
Changes in operating assets and liabilities		
Promises to give	161,122	252,541
Prepaid expenses	(1,777)	-
Class accounts	19,124	529
Accounts payable and accrued expenses	(17,649)	29,970
Payable to CCSU	(140,588)	(155,011)
Payable to Alumni Association	9,266	9,329
	(14,542)	(749,608)
Net cash used in operating activities		
Cash flows from investing activities		
Proceeds from sale of investments	40,684,431	42,530,475
Purchase of investments	(43,238,297)	(41,659,471)
Other assets	-	(183,876)
Cash value life insurance	(10,683)	(2,827)
	(2,564,549)	684,301
Net cash provided by (used in) investing activities		
Cash flows from financing activities		
Contributions designated for long-term investment	1,690,719	1,049,028
	(888,372)	983,721
Net (decrease) increase in cash and cash equivalents		
Cash and cash equivalents, beginning	1,241,375	257,654
Cash and cash equivalents, end	\$ 353,003	\$ 1,241,375

See Notes to Financial Statements.



## CCSU Foundation, Inc.

### Notes to Financial Statements June 30, 2021

#### Note 1 - Nature of activities

CCSU Foundation, Inc. (the "Foundation") operates exclusively for charitable and educational purposes. The Foundation was formed for the purpose of supplementing institutional enrichment, student support university programs and academic enrichment of Central Connecticut State University (the "University" or "CCSU"). The Foundation solicits donations of monies, securities or properties, and acts as custodian for funds and property received. The Foundation then disburses such funds, property, or the income therefrom in aiding, supplementing, improving, and enlarging the educational, cultural and research facilities and activities of the University.

#### Note 2 - Summary of significant accounting policies

##### Basis of presentation

The Foundation's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Foundation reports information regarding its activities and net assets in two classes of net assets as follows: net assets with and without donor restrictions.

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

*Net assets without donor restrictions* - Net assets without donor restrictions represent available resources other than donor-restricted contributions. Included in net assets without donor restrictions are funds that may be earmarked for specific purposes.

*Board-designated net assets* - Net assets established by the Board of Directors, which represent unrestricted funds set aside for future needs of the Foundation.

*Net assets with donor restrictions* - Net assets subject to donor- (or certain grantor-) imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

##### Summarized comparative information

The statements of financial position, activities and changes in net assets, functional expenses, and cash flows include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

##### Tax-exempt status

The Foundation is exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3). However, certain operations of the Foundation may qualify as unrelated business taxable income and to the extent that these operations generate income, they will be subject to federal and state taxes.

## CCSU Foundation, Inc.

### Notes to Financial Statements June 30, 2021

The Foundation's federal and state informational returns prior to fiscal year 2018 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings. The Foundation has no unrecognized tax benefits at June 30, 2021.

If the Foundation had unrelated business income taxes, it would recognize interest and penalties associated with any tax matters as part of the income tax provision and include accrued interest and penalties with the related tax liability in the statement of financial position.

#### **Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### **Cash and cash equivalents**

For purposes of reporting cash flows, cash and cash equivalents include cash on hand and short-term investments with original maturities of three months or less. Cash equivalents at June 30, 2021 totaled \$781.

#### **Investment valuation and income recognition**

Investments in equity securities with readily determinable fair values and all debt securities are carried at fair value.

Investment income and realized and unrealized gains and losses, net of investment expenses, are recorded in the statement of activities and changes in net assets as net assets without donor restrictions, unless restricted by donor stipulation or by operation of law.

Investment income and realized and unrealized gains or losses are allocated quarterly on the basis of fund balances. If a realized or unrealized loss results in a donor-restricted balance below what is required to be maintained in perpetuity, the underwater fund is reimbursed from future gains.

#### **Contributions**

Transactions where the resource provider does not receive commensurate value are deemed to be contributions. Contributions are classified as either conditional or unconditional. A conditional contribution is a transaction where the Foundation has to overcome a barrier or hurdle to be entitled to the resource and the resource provider is released from the obligation to fund or has the right of return of any advanced funding if the Foundation fails to overcome the barrier. The Foundation recognizes the contribution revenue upon overcoming the barrier or hurdle. Any funding received prior to overcoming the barrier is recognized as refundable advance. Unconditional contributions are recognized as revenue and receivable when the commitment to contribute is received.

Conditional and unconditional contributions are recorded as either with donor restrictions or without donor restrictions. Contributions are recognized as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated asset or are restricted for time. Contributions received with no donor stipulations are recorded as contributions without donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and are reported in the statement of activities and changes in net assets as net assets released from restrictions.

## CCSU Foundation, Inc.

### Notes to Financial Statements June 30, 2021

#### **Contract revenue recognition**

Revenue for event program fees is recognized when control of the promised service is transferred to the Foundation's customers, in an amount that depicts the consideration the Foundation expects to be entitled to in exchange for those services. Revenue is not recognized unless collectability under the contract is considered probable, the contract has commercial substance and the contract has been approved. Additionally, the contract must contain payment terms, as well as the rights and commitments of both parties.

When the resource provider receives commensurate value in return for the resources transferred to the Foundation, the revenue is accounted for as an exchange transaction in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers. Revenue from grants and contracts that are accounted for as exchange transactions is recognized when performance obligations have been satisfied. Cash received in advance of meeting performance obligations is recorded as deferred revenue.

The Foundation's payment terms vary by the type of services offered. The Foundation's standard payment terms generally align with the timing of the services performed and do not include a financing component. The Foundation has the unconditional right to consideration as it satisfies the performance obligations; therefore, no contractual assets are recognized.

#### **Promises to give**

Promises to give due in more than one year are recognized at fair value, using present value techniques and the current discount rate at the time of the promise to give to the Foundation.

Management evaluates the need for an allowance for doubtful accounts based upon factors surrounding the creditworthiness of the donor, historical collection trends and current economic conditions. Promises to give which are determined to be uncollectible are charged against bad debt expense.

For the year ended June 30, 2021, \$41,600 of uncollectible promises to give were recovered and recorded as income on the statement of activities and changes in net assets.

#### **Other asset**

The Foundation purchased a parcel of land. The Foundation intends to lease the land to the University in future years.

#### **Interest in perpetual trusts**

The Foundation is one of several income beneficiaries of two trusts. The Foundation regularly receives income distributions from the trusts, the amounts of which are recorded as investment income with donor restrictions from perpetual trust in the statement of activities and changes in net assets. Income received with respect to the trusts was \$24,121 for the year ended June 30, 2021. The principal for the trusts is controlled by bank trustees independent of the Foundation.

#### **Custodial fees**

The Foundation charges a custodial fee to class accounts and specified activities equal to three quarters of one percent (0.75%) of the five-year average of the quarterly market value of the fund or \$25, whichever is greater, as long as a deficit in the fund is not created. Custodial fees totaled \$486,917 for the year ended June 30, 2021. These fees are utilized to provide for the general operations of the Foundation and are eliminated in the statement of activities and changes in net assets.

## CCSU Foundation, Inc.

### Notes to Financial Statements June 30, 2021

#### **Functional expense allocation**

The statement of functional expenses presents the natural classification detail of expenses by function. Donated services are allocated based upon time spent. The Foundation directly allocates all other costs among the programs and supporting services benefited.

#### **Endowment and spending policy**

To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation, which is approved by the Board of Directors, and assumes a moderate level of investment risk to achieve its long-term return objectives within prudent risk constraints.

The Foundation's investment and spending policy over endowment assets attempts to provide a predictable stream of funding while seeking to maintain the purchasing power of the assets. All appropriations are approved by the Board of Directors. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

The Foundation has a policy of appropriating for distribution each year 5% of the endowment fund's five-year average of the quarterly market value inclusive of fees. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to earn a total return, net of fees, of 5% in excess of the Higher Education Price Index. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to preserve and grow its real value. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets.

Distributions in accordance with this policy were \$2,463,824 for the year ended June 30, 2021.

#### **Collections**

The Foundation capitalizes its collection of artwork (see Note 10). Accessions are capitalized at cost if purchased and at fair value at date of accession if received by donation. Gains and losses on deaccessions of donated artwork are reported as changes in net assets based on the presence or absence of donor restrictions. Artwork is protected, kept unencumbered, cared for and preserved. The Foundation's policy requires that proceeds from the sale of collection items or insurance proceeds be used solely for acquisition of other collection items, the direct care of existing collections, or another appropriate purpose as approved by the Board. Direct care includes the costs related to the security of the collection and of providing adequate protection from heat, light, sun, water and any other environmental issue that would be detrimental to the long-term safety of the collection. Costs of purchasing collection items are recognized as an expense in the year of acquisition; proceeds from sale and insurance recoveries are recognized as revenue in the year of sale or loss.

#### **Donated services**

Donated services are recognized in the financial statements if the services received require specialized skills are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Certain services donated to the Foundation by community volunteers do not meet the above criteria and, therefore, are not recognized in the financial statements.

**CCSU Foundation, Inc.**

**Notes to Financial Statements  
June 30, 2021**

**Reclassifications**

Certain items from the prior year financial statements have been reclassified to conform to the current year presentation.

**Subsequent events**

Management has reviewed subsequent events through November 29, 2021, which is the date the financial statements were approved and available for issuance.

**Note 3 - Newly adopted accounting standards**

The Foundation adopted FASB ASU 2018-13, Fair Value Measurement (Topic 820). The standard changes the disclosure requirements for fair value measurement. The Foundation adopted the provisions of ASU 2018-13 on July 1, 2020. There is no effect on net assets in connection with the implementation of ASU 2018-13.

The Foundation adopted FASB ASU 2019-03, Updating the Definition of Collections (Topic 958). This standard improves the definition of collections. The update requires additional disclosure on policies for the use of proceeds from when collections items are removed from a collection. The Foundation adopted the provisions of ASU 2019-03 on July 1, 2020. There is no effect on net assets in connection with the implementation of ASU 2019-03.

**Note 4 - Concentrations**

**Credit risk**

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist primarily of cash and cash equivalents, receivables, and investments. The Foundation maintains its cash and cash equivalents with high-credit quality financial institutions. At times, such amounts may exceed federally insured limits.

Concentrations of credit risk with respect to donations and grants are limited due to the large number of contributors to the Foundation, comprised of individuals, corporations, and foundations primarily in the State of Connecticut.

**Market risk**

The Foundation's investments are in fixed income and equity mutual funds placed with a wide array of companies and funds. This investment policy limits the Foundation's exposure to concentrations of credit risk.

CCSU Foundation, Inc.

Notes to Financial Statements  
June 30, 2021

**Note 5 - Available resources and liquidity**

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

As of June 30, 2021, the Foundation has the following financial assets available to meet annual operating needs for the next fiscal year:

Cash and cash equivalents	\$ 353,003
Investments	95,345,744
Promises to give in one year	<u>293,000</u>
Financial assets accessible by management in the next year	95,991,747
Add	
Spendable amount per spending policy for 2022	3,322,677
Less	
Board designated funds	162,729
Funds restricted due to time or purpose	39,052,245
Funds to be used in perpetuity	<u>53,513,984</u>
Financial assets accessible by management in the next year	<u>\$ 6,585,466</u>

Donor funds restricted to time or purpose anticipated to be used after one year may be used in the next year as long as the purpose or time restriction is met. Upon approval of the Board, the board-designated funds may be repurposed and used within any year. Additionally, the Board may approve the use of additional endowment investment earnings above the spending policy. However, prudent investment management must be considered to ensure the preservation of the funds for future use.

**Note 6 - Promises to give**

Unconditional promises to give are classified as with or without donor restrictions depending on the existence and/or nature of any donor restriction. As of the end of the year, unconditional promises to give consisted of the following at June 30, 2021:

In one year or less	\$ 293,000
One to five years	814,165
More than five years	<u>4,000,000</u>
	5,097,165
Less allowance for noncollectible amounts	(764,575)
Less discount at 2.8%	<u>(1,267,704)</u>
Total	<u>\$ 3,064,886</u>

Approximately 96% of promises to give are from a single donor.

**CCSU Foundation, Inc.**

**Notes to Financial Statements  
June 30, 2021**

**Note 7 - Investments**

Investments consisted of the following at June 30, 2021:

Cash and equivalents	\$	152,190
Mutual funds		
Fixed income		24,137,760
Domestic equities		37,022,301
International equities		19,536,977
Alternative investments		<u>14,496,516</u>
Total	\$	<u>95,345,744</u>

**Note 8 - Fair value measurements**

The Foundation values its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value.

**CCSU Foundation, Inc.**

**Notes to Financial Statements  
June 30, 2021**

Financial assets carried at fair value as of June 30, 2021 are classified as follows:

	Level 1	Level 2	Level 3	NAV	Total
Cash and equivalents	\$ 152,190	\$ -	\$ -	\$ -	\$ 152,190
Mutual funds					
Fixed income	24,137,760	-	-	-	24,137,760
Domestic equities	37,022,301	-	-	-	37,022,301
International equities	19,536,977	-	-	-	19,536,977
Alternative investments	-	-	-	14,496,516	14,496,516
Beneficial interest in trusts	-	-	647,268	-	647,268
<b>Total</b>	<b>\$ 80,849,228</b>	<b>\$ -</b>	<b>\$ 647,268</b>	<b>\$ 14,496,516</b>	<b>\$ 95,993,012</b>

**Valuation techniques**

Mutual funds - The mutual funds held by the Foundation are deemed to be actively traded and are valued based upon real time quotes. Certain private equity funds are privately held investment funds and have a limited redemption period, and these are valued at the net asset value ("NAV") as a practical expedient.

Alternative investments - These investments are based on the NAV as a practical expedient. Funds may be redeemed at or near the measurement date. Funds in this category include hedge funds and limited partnerships.

There were no transfers, purchases, or issuances of the Foundation's Level 3 financial instruments during the year ended June 31, 2021.

**Fair value of investments in entities that use NAV**

The following table summarizes investments measured at fair value based on NAV per share as of June 30, 2021:

	SEI Core Property Fund LP	SEI GPA III Private Equity Fund	SEI GPA IV Private Equity Fund	SEI Special Situations Fund Ltd	SEI Global Private Assets V LP
Fair value	\$ 4,468,350	\$ 2,229,665	\$ 1,905,468	\$ 5,530,379	\$ 362,654
Unfunded commitments	\$ -	\$ 858,874	\$ 1,731,689	\$ -	\$ 3,153,652
Redemption frequency	Quarterly*	n/a	n/a	Semi-Annual**	n/a
Redemption notice period	95 days	n/a	n/a	95 days	n/a

\* via redemption request and may be subject to queue at the discretion of the advisor

\*\*via redemption process; redemptions can be gated to 20% by the fund board



**CCSU Foundation, Inc.**

**Notes to Financial Statements  
June 30, 2021**

There were no changes in the valuation techniques and related inputs.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**Note 9 - Cash surrender value of life insurance**

Certain donors purchased insurance policies with the Foundation as the owner and beneficiary of the policies. The Foundation is responsible for payment of the premium on one of the policies. The premium amount is contributed annually by the donor. The remaining policies are fully paid and require no premiums. CCSU, as owner of the policies, has recorded cash surrender value of \$156,745 as of June 30, 2021.

**Note 10 - Art collection**

The Foundation has adopted the policy of capitalizing collections of artwork in its financial statements. The Foundation holds the Sol Lewitt and the Chen art collections valued at \$57,000.

**Note 11 - Payable to Alumni Association**

A memorandum of understanding, as amended on October 28, 1986, exists between the Foundation and the CCSU Alumni Association stating that 50% of the unrestricted Alumni contributions (net of expenses) raised during the year will be turned over to the Alumni Association. The amount due to the CCSU Alumni Association was \$48,630 at June 30, 2021.

**Note 12 - Board-designated net assets**

The Board has designated \$162,729, including accumulated earnings of \$37,729, to be endowed and used for scholarships.

CCSU Foundation, Inc.

Notes to Financial Statements  
June 30, 2021

**Note 13 - Net assets with donor restrictions**

Net assets subject to expenditure for specified purposes:

Institutional enrichment	\$ 2,392,694
Student support	27,631,766
University support	2,461,329
Academic enrichment	<u>11,023,231</u>
Total	<u>43,509,020</u>

Net assets restricted in perpetuity include:

Institutional enrichment	1,685,927
Student support	40,910,644
Academic enrichment	<u>10,917,413</u>
	<u>53,513,984</u>
Total donor-restricted net assets	<u>\$ 97,023,004</u>

Promises to give in perpetuity will be recorded in the endowment upon receipt of the payment of the promise.

**Note 14 - Net assets released from restrictions**

Net assets with donor restrictions were released from donor restrictions during the year by incurring expenses satisfying the restricted purpose specified by the donor or by passage of time. The net assets with donor restrictions released from restrictions related to the following:

Institutional enrichment	\$ 68,810
Student support	2,752,480
University support	396,407
Academic enrichment	<u>518,471</u>
Total	<u>\$ 3,736,168</u>

**Note 15 - Transactions with Central Connecticut State University**

The University provided donated services to the Foundation in the amount of \$1,633,280.

To ensure the proper use of the scholarship funds by students, the Foundation routinely disburses such funds directly to the University. The Foundation provided institutional support for various programs and other services. All of the Foundation's expenditures are in an effort to advance the University.

**CCSU Foundation, Inc.**

**Notes to Financial Statements  
June 30, 2021**

**Note 16 - Endowment**

Endowment net asset composition and changes in net assets by type of fund as of June 30, 2021 are as follows:

	Without donor restrictions	With donor restriction		Total
		Time or purpose restricted	Restricted in perpetuity	
Endowment net asset composition				
Donor-restricted endowment funds	\$ -	\$ 39,052,245	\$ 49,843,055	\$ 88,895,300
Board-designated endowment funds	162,729	-	-	162,729
	<u>\$ 162,729</u>	<u>\$ 39,052,245</u>	<u>\$ 49,843,055</u>	<u>\$ 89,058,029</u>
Change in endowment net assets				
Endowment net assets, beginning of year	\$ 132,069	\$ 23,717,417	48,152,336	\$ 72,001,822
Investment return				
Investment income, net	4,088	2,232,032	-	2,236,120
Net realized and unrealized appreciation	28,356	15,566,620	-	15,594,976
Contributions	-	-	1,690,719	1,690,719
Amounts appropriated for expenditure	<u>(1,784)</u>	<u>(2,463,824)</u>	<u>-</u>	<u>(2,465,608)</u>
Endowment net assets, end of year	<u>\$ 162,729</u>	<u>\$ 39,052,245</u>	<u>\$ 49,843,055</u>	<u>\$ 89,058,029</u>

The Foundation's endowment includes various donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Directors has interpreted the Connecticut Uniform Prudent Management of Institutional Funds Act ("CTUPMIFA") 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 Foundation classifies as net assets with donor restrictions restricted in perpetuity as (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and 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 net assets with donor restrictions restricted in perpetuity is classified as net assets with donor restrictions restricted by time or purpose until those amounts are appropriated for expenditure by the Board of Directors in a manner consistent with the standard of prudence prescribed by CTUPMIFA.

In accordance with CTUPMIFA, the Foundation considers the following factors in deciding to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of the Foundation and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;

**CCSU Foundation, Inc.**

**Notes to Financial Statements  
June 30, 2021**

- The expected total return from income and the appreciation of investments;
- Other resources of the Foundation; and
- The investment policies of the Foundation.

**Note 17 - Commitment and contingencies**

The Foundation maintains an agreement between the Foundation and the University dated December 2004. This agreement specifies that the Foundation shall maintain an identity separate from that of the University, while working only to serve the interests of the University.

In early 2020, an outbreak of a novel strain of coronavirus ("COVID-19") emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity. As of June 30, 2021, there was no significant impact to the Foundation's operations. However, the Foundation is not able to reliably estimate the length or severity of this outbreak. If the length of the outbreak and related effects on the Foundation's operations continues for an extended period of time, there could be a loss of revenue and other material adverse effects to the Foundation's financial position, results of operations, and cash flows.



**Independent Member of Nexia International**

**[cohnreznick.com](http://cohnreznick.com)**