# CONNECTICUT HEALTH FOUNDATION, INC.

## FINANCIAL STATEMENTS

## YEARS ENDED DECEMBER 31, 2021 AND 2020

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# INDEPENDENT AUDITORS' REPORT

Board of Directors
Connecticut Health Foundation, Inc.
Hartford, Connecticut

## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the accompanying financial statements of Connecticut Health Foundation, Inc., which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Connecticut Health Foundation, Inc. as of December 31, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Connecticut Health Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Responsibilities of Management for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Connecticut Health Foundation, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Connecticut Health Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Connecticut Health Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

CliftonLarsonAllen LLP

**CliftonLarsonAllen LLP**

West Hartford, Connecticut
October 10, 2022

**CONNECTICUT HEALTH FOUNDATION, INC.**
**STATEMENTS OF FINANCIAL POSITION**
**DECEMBER 31, 2021 AND 2020**

| | 2021 | 2020 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 1,256,627 | $ 1,649,815 |
| Investments | 134,940,786 | 121,557,155 |
| Accounts receivable | - | 216,680 |
| Prepaid expenses and other assets | 34,794 | 42,470 |
| Prepaid grants | 2,569,419 | 2,618,582 |
| Property and equipment, net | 257,737 | 97,541 |
| Total Assets | $ 139,059,363 | $ 126,182,243 |
| **LIABILITIES AND NET ASSETS** | | |
| **LIABILITIES** | | |
| Accounts payable and accrued liabilities | $ 358,400 | $ 392,266 |
| Deferred excise tax liability | 471,000 | 393,000 |
| Total liabilities | 829,400 | 785,266 |
| **NET ASSETS** | | |
| Net assets without donor restrictions | 138,017,661 | 125,184,675 |
| Net assets with donor restrictions | 212,302 | 212,302 |
| Total net assets | 138,229,963 | 125,396,977 |
| Total Liabilities and Net Assets | $ 139,059,363 | $ 126,182,243 |

*See accompanying Notes to Financial Statements.*

**CONNECTICUT HEALTH FOUNDATION, INC.**
**STATEMENTS OF ACTIVITIES**
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

| | 2021 | 2020 |
|---|---|---|
| **CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS** | | |
| Revenues: | | |
| Investment return, net | $ 18,227,993 | $ 14,612,787 |
| Interest and dividend income | 803,774 | 356,496 |
| Contributions | - | 531,198 |
| Other revenue | 265 | 667 |
| Total revenues | 19,032,032 | 15,501,148 |
| Expenses: | | |
| Operating: | | |
| Grants and program related expenses | 4,865,057 | 4,748,914 |
| General administrative expenses | 1,076,440 | 893,601 |
| Total operating expenses | 5,941,497 | 5,642,515 |
| Provision for excise tax: | | |
| Current | 179,549 | 71,058 |
| Deferred | 78,000 | 9,000 |
| Total expenses | 6,199,046 | 5,722,573 |
| **INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS** | 12,832,986 | 9,778,575 |
| **CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS** | | |
| Contributions | - | 212,302 |
| **INCREASE IN NET ASSETS** | 12,832,986 | 9,990,877 |
| Net Assets - Beginning of Year as Previously Reported | 125,396,977 | 112,488,047 |
| Cumulative Adjustment - Adoption of New Accounting Standard | - | 2,918,053 |
| Net Assets - Beginning of Year as Adjusted | 125,396,977 | 115,406,100 |
| **NET ASSETS - END OF YEAR** | $ 138,229,963 | $ 125,396,977 |

*See accompanying Notes to Financial Statements.*

# CONNECTICUT HEALTH FOUNDATION, INC.
## STATEMENTS OF FUNCTIONAL EXPENSES
## YEARS ENDED DECEMBER 31, 2021 AND 2020

| | 2021 | | |
|---|---|---|---|
| | Programs | Management and General | Total |
| Grants and supporting activities | $ 3,592,700 | $ - | $ 3,592,700 |
| Salaries and benefits | 874,256 | 724,608 | 1,598,864 |
| Professional services | 116,050 | 127,776 | 243,826 |
| Facilities | 139,140 | 114,077 | 253,217 |
| Operations | 142,911 | 109,979 | 252,890 |
| Total Functional Expenses | $ 4,865,057 | $ 1,076,440 | $ 5,941,497 |

| | 2020 | | |
|---|---|---|---|
| | Programs | Management and General | Total |
| Grants and supporting activities | $ 3,316,235 | $ 8,653 | $ 3,324,888 |
| Salaries and benefits | 1,029,125 | 595,098 | 1,624,223 |
| Professional services | 125,812 | 121,533 | 247,345 |
| Facilities | 138,970 | 80,360 | 219,330 |
| Operations | 138,772 | 87,957 | 226,729 |
| Total Functional Expenses | $ 4,748,914 | $ 893,601 | $ 5,642,515 |

*See accompanying Notes to Financial Statements.*

# CONNECTICUT HEALTH FOUNDATION, INC.
## STATEMENTS OF CASH FLOWS
## YEARS ENDED DECEMBER 31, 2021 AND 2020

| | 2021 | 2020 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Change in net assets | $ 12,832,986 | $ 9,990,877 |
| Adjustments to reconcile change in net assets to net cash used by operating activities: | | |
| Depreciation and amortization | 42,076 | 38,791 |
| Loss (Gain) on sale of property and equipment | - | 8,156 |
| Net realized and unrealized gain on investments | (18,624,154) | (14,949,499) |
| (Increase) Decrease in operating assets: | | |
| Accounts receivable | 216,680 | (216,680) |
| Prepaid expenses and deposits | 7,676 | 222,784 |
| Prepaid grants | 49,163 | (848,993) |
| Increase (Decrease) in operating liabilities: | | |
| Accounts payable and accrued liabilities | (33,866) | 247,773 |
| Grants payable | - | (50,783) |
| Deferred excise tax liability | 78,000 | 9,000 |
| Net cash used by operating activities | (5,431,439) | (5,548,574) |
| | | |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Purchase of property and equipment | (202,272) | (54,328) |
| Purchases of investments | (157,320,620) | (85,934,676) |
| Proceeds from sale of investments | 162,561,143 | 91,835,643 |
| Net cash provided by investing activities | 5,038,251 | 5,846,639 |
| | | |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | (393,188) | 298,065 |
| | | |
| Cash and Cash Equivalents - Beginning of Year | 1,649,815 | 1,351,750 |
| | | |
| **CASH AND CASH EQUIVALENTS - END OF YEAR** | $ 1,256,627 | $ 1,649,815 |

*See accompanying Notes to Financial Statements.*

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Organization

Connecticut Health Foundation, Inc. (the Foundation) is a nonprofit corporation organized under the laws of the state of Connecticut. The Foundation, established in 1999, is the largest independent health philanthropy foundation in Connecticut. The mission of the Foundation is to improve the health and wellbeing of all Connecticut residents using a systems change approach with the immediate focus on expanding health equity by helping more people gain access to quality, affordable health care – especially those who disproportionately lack it now, people of color.

### Basis of Accounting and Presentation

The financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). Accordingly, the accounts of the Foundation are reported in the following net asset categories:

*Net Assets Without Donor Restrictions* – Net assets without donor restrictions represent available resources other than donor-restricted contributions. These resources may be expended at the discretion of the board of directors.

*Net Assets With Donor Restrictions* – Net assets with donor restrictions represent contributions that are restricted by the donor as to purpose or time of expenditure. The Foundation does not, in the ordinary course of business, receive contributions or grants. However, during 2020, the Foundation did receive one grant totaling $743,500 that is restricted by the donor to address the racial disparity in COVID-19 infection rates by deploying community health workers to communities of color. As of December 31, 2021, $531,198 was earned and the remaining balance in the amount of $212,302 is recognized within net assets with donor restrictions.

### Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Management has made estimates based on assumptions for the fair value of financial instruments, specifically alternative investments. Accordingly, actual results could differ from those estimates.

Estimates and assumptions are reviewed periodically. During the year ended December 31, 2021, as a result of market volatility and new information being readily available, management of the Foundation reviewed the assumptions used to determine the fair value of investments that are valued using the net asset practical expedient as of December 31, 2020. Based on a review of the new information available, the Foundation has determined that the estimated fair value of the investments as reported as of December 31, 2020 was less than the actual fair value. As a result, management has determined that they will utilize available information going forward to determine the fair value of investments that utilize the net asset practical expedient.  This change has been included in unrealized gains on investments during the year ended December 31, 2021.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Use of Estimates (Continued)

The Foundation has changed its methodology for estimating fair value of alternative investments to utilize values based on the funds' audited financial statements as of December 31st of each year, beginning with the year ended 2021.

### Cash and Cash Equivalents

Cash equivalents are defined as highly liquid investments with original maturities of 90 days or less. The Foundation maintains deposits in financial institutions that may, at times, exceed federal depository insurance limits. Management believes it adequately mitigates this risk by only investing in major financial institutions. The Foundation has not experienced any losses in such accounts and management believes the Foundation is not exposed to any significant credit risk on cash and cash equivalents.

### Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is 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. See Note 3 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net realized and unrealized gains (losses) on investments include the Foundation's gains and losses on investments bought and sold as well as held during the year. Realized and unrealized gains and losses and investment income are classified as increases and decreases in net assets without donor restrictions.

The Foundation's investments in debt and equity securities are exposed to interest rate, market, credit and other risks depending on the nature of the specific investment. Accordingly, it is at least reasonably possible that these factors will result in changes in the value of the Foundation's investments, which could materially affect amounts reported in the financial statements.

### Property and Equipment

Purchases of $1,000 or more, whether individually or in the aggregate, are capitalized. Furniture, fixtures and equipment are stated at cost, less accumulated depreciation, and are depreciated using the straight-line method over the estimated useful lives of the assets, which range from two to ten years. Leasehold improvements are stated at cost, less accumulated amortization, and are amortized using the straight-line method over the remaining term of the lease.

Repairs and maintenance are charged to expense as incurred. Depreciation and amortization expense was $42,076 and $38,791 for the years ended December 31, 2021 and 2020, respectively.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Contributions

In accordance with ASU 2018-08, promises to give that are subject to donor-imposed conditions (i.e., a donor stipulation that includes a barrier that must be overcome and a right of return of assets) are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional. Unconditional contributions are recognized when promised or received, as applicable, and are considered to be available for unrestricted use unless specifically restricted by the donor.

The Foundation reports contributions of cash and other assets as donor-restricted support if they are received with donor stipulations that limit their use. 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 to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions. Contributions received whose restrictions are met in the same period are presented as net assets without donor restrictions.

There are no conditional contributions not recognized in revenue as of December 31, 2021 and 2020.

### Federal Excise Taxes

As an organization described in Section 501(c)(3) of the Internal Revenue Code (IRC), the Foundation is exempt from federal income taxes and has been classified as a private foundation. In accordance with the applicable provisions of the IRC, the Foundation is subject to an excise tax on net investment income, including realized gains, and to tax on unrelated business income in connection with certain partnership investments.

The Foundation has provided for deferred income taxes at the excise tax rate of 1.39%. Deferred excise taxes relate to net unrealized investment gains or losses that have been recognized in the financial statements but are deferred from taxable income until realized.

In accordance with private foundation regulations, qualified minimum distributions are required to be made by the Foundation on an annual basis to avoid penalties. For the year ended December 31, 2021, the minimum distribution requirement has been met. To the extent future annual distributions are below the 5% minimum, the Foundation has excess distributions from prior years that can be drawn upon to meet the minimum distribution requirement. The excess distributions have varying expiration dates through 2025.

### Spending Policy

The Foundation calculates planned spending as a percentage of the trailing twenty-quarter average market value as of September 30 of the previous year with a cap of 5.4%, unless an increased cap is approved by the board in a given year.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Spending Policy (Continued)

The spending formula is designed specifically to stabilize annual spending levels and to preserve the real value of the fund portfolio over time. Spending is designed to be sufficient to ensure that the 5% minimum spending requirement established by the Internal Revenue Service is met.

### Functional Expenses

The financial statements report certain categories of expenses that are attributable to either program or management and general administration. Grants and most supporting activities are mission driven and allocated to programs. Salaries and benefits are allocated based on review of the time and effort by the Foundation's staff. This review results in a blended ratio which is then applied to the remaining expenses.

### Grants

As of December 31, 2021 and 2020, the Foundation awarded $1,519,861 and $1,383,888, respectively, of grants that were not paid as of year-end. Due to the existence of barriers and a right of return for these grants, grants payable were not reported at December 31, 2021 and 2020. As of December 31, 2021 and 2020, conditional grants in the amount of $2,569,419 and $2,618,582, respectively, were paid prior to year-end and are recognized as prepaid grants on the statement of financial position.

### Risks and Uncertainties

Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risk in the near term could materially affect the amounts reported in the statements of financial position and the statements of activities.

### Subsequent Events

In preparing these financial statements, management has evaluated subsequent events through October 10, 2022, which represents the date the financial statements were available to be issued.

## NOTE 2 - AVAILABLE RESOURCES AND LIQUIDITY

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while striving to maximize the investment of its available funds. The Foundation has various sources of liquidity at its disposal that are not subject to donor or other contractual restrictions, including cash, marketable debt, equity securities, and selected alternative investments. The Foundation considers all readily marketable securities to be financial assets available within one year. Certain alternative investments are subject to redemption restrictions and lock up periods and therefore are excluded from the table on the following page.

## NOTE 2 - AVAILABLE RESOURCES AND LIQUIDITY (CONTINUED)

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all potential expenditures related to its ongoing activities of grantmaking, policy advocacy and strategic communications, as well as the conduct of functions performed in support of these activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Foundation has access to dividend and interest proceeds and any capital gains generated from long-term investment transactions, both of which could contribute to the funding of general expenditures.

The following financial assets could be made available within one year to meet general expenditures needs at December 31:

| | 2021 | 2020 |
|---|---|---|
| Cash and Cash Equivalents | $ 1,256,627 | $ 1,649,815 |
| Cash Held by Portfolio Managers | 6,929,982 | 3,968,978 |
| Domestic Equity | 1,894,800 | 754,056 |
| International Equity | 13,800,724 | 18,691,666 |
| Fixed Income | 6,111,624 | 10,310,277 |
| Total Assets Available | $ 29,993,757 | $ 35,374,792 |

## NOTE 3 - FAIR VALUE

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

**Level 1** – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access. Liquidity of this level of investments is daily.

**Level 2** – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. The liquidity of this level of investments ranges from greater than daily through quarterly.

## NOTE 3 - FAIR VALUE (CONTINUED)

**Level 3** – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The liquidity of this level of investment ranges from more than quarterly to illiquid.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. As a practical expedient, certain investments are measured at fair value on the basis of net asset value. The fair value of these investments is not included in the fair value hierarchy.

The following is a description of the valuation methodologies used for assets measured at fair value:

### Domestic Equity

Mutual funds within domestic equity are valued at the closing price reported in the active market in which the individual securities are traded. For domestic equities valued at net asset value (NAV), please see (a) on page 14. This investment class seeks to outperform equity market indices on a risk-adjusted basis. The redemption period for these investments ranges from daily to quarterly. There are no unfunded commitments related to this investment class.

### International Equity

Mutual funds within international equity are valued at the closing price reported in the active market in which the individual securities are traded. For international equities valued at NAV, please see (a) on page 14. This investment class seeks to outperform the non-U.S. equity market indices on a risk-adjusted basis. The redemption period for these investments ranges from daily to quarterly, with 0-45 days' notice. There are no unfunded commitments related to this investment class.

### Private Equity

This includes illiquid investments, defined as assets that are traded very infrequently and cannot be sold without great penalty, in legal entities that focus on providing venture capital, growth capital, buyout capital, mezzanine debt, distressed debt and other opportunistic capital to companies and markets. These investments are valued using the net asset value as reported by the investment manager. At December 31, 2021 and 2020, the Foundation's unfunded commitment is $10,285,062 and $10,905,070, respectively.

### Fixed Income

Fixed income is valued at the closing price reported in the active market in which the individual securities are traded. For fixed income securities valued at NAV, please see (a) on page 14. This investment class invests in U.S. treasuries, securities and diversified fixed income strategies, which invest in corporate credits, including bank loans, high yield and investment grade bonds. The redemption period for these investments ranges from daily to illiquid. There are no unfunded commitments related to this investment class.

**NOTE 3 - FAIR VALUE (CONTINUED)**

**Marketable Alternatives**

Interests in marketable alternatives are valued using NAV as determined by the investment manager of the fund. This NAV is based on the fair value of the underlying assets and liabilities of the related fund at the measurement date. This investment class seeks long-term equity-like returns with minimal correlation to the major market average. There are no unfunded commitments related to this investment class.

There have been no changes in the methodologies used at December 31, 2021 and 2020.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation 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.

The following tables set forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31:

| | 2021 | | | | |
|---|---|---|---|---|---|
| | Fair Value Measurements Using | | | Investments Measured at Net Assets Value (a) | |
| | Level 1 | Level 2 | Level 3 | | Total |
| Domestic equity | $ 1,894,800 | $ - | $ - | $ 3,915,970 | $ 5,810,770 |
| International equity | 13,800,724 | 1,290,151 | - | 39,002,186 | 54,093,061 |
| Private equity | - | - | - | 30,672,010 | 30,672,010 |
| Fixed income | 6,111,624 | - | - | 1,897,186 | 8,008,810 |
| Marketable alternatives | - | - | - | 29,426,153 | 29,426,153 |
| Total investments at fair value | 21,807,148 | 1,290,151 | - | 104,913,505 | 128,010,804 |
| Cash held by portfolio managers | 6,929,982 | - | - | - | 6,929,982 |
| Total Investments | $ 28,737,130 | $ 1,290,151 | $ - | $ 104,913,505 | $ 134,940,786 |

## NOTE 3 - FAIR VALUE (CONTINUED)

| | 2020 | | | | |
|---|---|---|---|---|---|
| | Fair Value Measurements Using | | | Investments Measured at Net Assets | |
| | Level 1 | Level 2 | Level 3 | Value (a) | Total |
| Domestic equity | $ 754,056 | $ - | $ - | $ 4,520,526 | $ 5,274,582 |
| International equity | 18,691,667 | 1,881,791 | - | 32,195,478 | 52,768,936 |
| Private equity | - | - | - | 19,263,070 | 19,263,070 |
| Fixed income | 10,310,277 | - | - | 1,615,064 | 11,925,341 |
| Marketable alternatives | - | - | - | 28,356,248 | 28,356,248 |
| Total investments at fair value | 29,756,000 | 1,881,791 | - | 85,950,386 | 117,588,177 |
| Cash held by portfolio managers | 3,968,978 | - | - | - | 3,968,978 |
| Total Investments | $ 33,724,978 | $ 1,881,791 | $ - | $ 85,950,386 | $ 121,557,155 |

(a) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

There were no transfers between levels of investments during the years ended December 31, 2021 and 2020.

## NOTE 3 - FAIR VALUE (CONTINUED)

Additional information regarding investments that report fair value based on net asset value per share or unit as of December 31, 2021 and 2020 is as follows:

2021

| | Fair Value | Unfunded Commitments | Redemption Terms | Redemption Restrictions |
|---|---|---|---|---|
| Domestic equity | $ 3,915,970 | $ - | Monthly | 30 Days Written Notice |
| International equity | 39,002,186 | - | Daily, Semi-Monthly, Monthly, Quarterly, Every 12, 24, or 36 Months on Anniversary of Purchase Including Lock-Up Periods of 36 Months | 0-90 Days Written Notice |
| Private equity | 30,672,010 | 10,285,062 | Illiquid | - |
| Fixed income | 1,897,186 | - | Quarterly | - |
| Marketable alternative | 29,426,153 | - | Monthly, Quarterly, Annually, Every 12 or 36 Months on Anniversary of Purchase, Llliquid Including Lock-Up Periods of 12, 24, and 36 Months | 0-126 Days Written Notice |
| Total | $ 104,913,505 | $ 10,285,062 | | |

2020

| | Fair Value | Unfunded Commitments | Redemption Terms | Redemption Restrictions |
|---|---|---|---|---|
| Domestic equity | $ 4,520,526 | $ - | Monthly | 30 Days Written Notice |
| International equity | 32,195,478 | - | Daily, Semi-Monthly, Monthly, Quarterly, Every 12, 24, or 36 Months on Anniversary of Purchase Including Lock-Up Periods of 24 Months | 0-90 Days Written Notice |
| Private equity | 19,263,070 | 10,905,070 | Illiquid | - |
| Fixed income | 1,615,064 | - | Daily, Including Lock-Up Period of 12 Months | - |
| Marketable alternative | 28,356,248 | - | Monthly, Quarterly, Annually, Every 12 or 36 Months on Anniversary of Purchase, Llliquid Including Lock-Up Periods of 12, 24, and 36 Months | 0-126 Days Written Notice |
| Total | $ 85,950,386 | $ 10,905,070 | | |

## NOTE 3 - FAIR VALUE (CONTINUED)

The investment strategies of the portfolio maintained by the Foundation are as follows:

- The investment objective is to provide a reliable source of funds to support the Foundation's spending needs, which include grantmaking, program-related initiatives and operations, and administrative expenses, while achieving an investment return sufficient to maintain the funds' purchasing power in perpetuity.

- The performance objective is to achieve a real (net of inflation) total annualized return greater than the combined total of the spending policy and investment expenses, on average, over a typical market cycle (generally considered to be five years). The target of real return, net of all investment expenses, is 5% over any rolling ten-year period.

- The fund will be invested in a manner that is expected to preserve its purchasing power in real terms after spending and maximize its long-term total return with reasonable and acceptable levels of investment risk. Investment risk is defined in three ways: (i) the possibility of the investments' decline in value, (ii) the expected performance volatility of the investments in the portfolio and (iii) the possibility of increased illiquidity, and cash being unavailable for daily operations and grant making The portfolio will comprise investments made in multiple asset categories in order to safeguard the portfolio's capital and to lower overall portfolio risk.

Gains and losses (realized and unrealized) included in changes in net assets for the years ended December 31, 2021 and 2020 are reported in investment return, net in the statement of activities.

The board of directors approves the overall investment strategy and guidelines of the Foundation, which are implemented with full discretion by the external Chief Investment Officer. Direct management fees for investment managers and advisors were $394,081 and $336,712 for the years ended December 31, 2021 and 2020, respectively.

## NOTE 4 - RETIREMENT PLANS

The Foundation sponsors a safe-harbor 401(k) and a Roth 401(k) plan for all eligible employees. The election period for new participants is generally within one month of employment. After one year of service, the employer will match dollar for dollar up to 3% of the employee's eligible compensation. The employer will also match 50 cents per dollar for contributions between 3% and 5%. These dollars are 100% vested at the time they are paid. The plan provides for a discretionary profit-sharing contribution of between 0% and 3%. A 2% contribution was declared in 2021 and 2020. For the years ended December 31, 2021 and 2020, total cost to the Foundation was $52,919 and $57,639, respectively.

In December 2021, the Foundation established a 457(b) plan for the benefit of certain top-level executives. In conjunction with the inception of the plan, a contribution of $15,000 was made by the sole participant.

## NOTE 5 - OPERATING LEASES

The Foundation leases office space in Hartford, Connecticut under an operating lease that expires December 31, 2028 after exercising the first option to extend the lease, effective November 1, 2020. The lease requires escalating monthly payments ranging from $12,231 to $14,133 over the term of the lease. The Foundation recognizes rent expense on a straight-line basis over the lease term. Rent expense under this method was $151,726 and $112.411 for the years ended December 31, 2021 and 2020, respectively.

The Foundation entered into a lease agreement in November 2016 to lease a copier under a noncancelable operating lease with a term of more than one year. Rental expense amounted to $5,920 and $7,104 for the years ended December 31, 2021 and 2020, respectively.

The Foundation entered into a lease agreement in February 2021 to lease a copier under a noncancelable operating lease with a term of more than one year. Rental expense amounted to $5,240 for the year ended December 31, 2021.

The following is a schedule of future minimum payments required under the above leases as of December 31, 2021:

| Year Ending December 31, | Amount |
|---|---|
| 2022 | $ 153,095 |
| 2023 | 157,404 |
| 2024 | 160,666 |
| 2025 | 163,927 |
| 2026 | 161,949 |
| Thereafter | 330,499 |

## NOTE 6 - CONTINGENCIES, RISKS AND UNCERTAINTIES

On March 11, 2020, the World Health Organization classified the coronavirus outbreak as a pandemic, triggering significant instability in the global economy and investment markets. As of the report date, the pandemic is still ongoing and, therefore, the total impact it may have on the Foundation’s investments cannot be reasonably determined at this time.

Due to market volatility, the fair market value of the Foundations investment portfolio as of the date of this report has declined approximately 15% since December 31, 2021. While it is possible that the market volatility will continue, no estimate can be made of the range of additional loss that is at least reasonably possible.