

CONNECTICUT HEALTH FOUNDATION, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023



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CONNECTICUT HEALTH FOUNDATION, INC.
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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, 2024 and 2023, 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, 2024 and 2023, 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 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 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

West Hartford, Connecticut
September 16, 2025

CONNECTICUT HEALTH FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and Cash Equivalents	\$ 476,696	\$ 911,408
Investments	118,150,235	117,496,829
Program Related Investment	250,000	-
Prepaid Expenses and Other Assets	202,176	190,119
Prepaid Grants	2,416,600	2,914,850
Property and Equipment, Net	206,005	236,801
Right of Use Asset - Operating Leases	<u>759,000</u>	<u>846,026</u>
Total Assets	<u>\$ 122,460,712</u>	<u>\$ 122,596,033</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 777,318	436,248
Right of Use Liability - Operating Leases	637,330	786,490
Deferred Excise Tax Liability	<u>381,000</u>	<u>345,000</u>
Total Liabilities	1,795,648	1,567,738
NET ASSETS		
Net Assets Without Donor Restrictions	120,590,064	120,758,295
Net Assets With Donor Restrictions	<u>75,000</u>	<u>270,000</u>
Total Net Assets	<u>120,665,064</u>	<u>121,028,295</u>
Total Liabilities and Net Assets	<u>\$ 122,460,712</u>	<u>\$ 122,596,033</u>

See accompanying Notes to Financial Statements.

CONNECTICUT HEALTH FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenues:		
Investment Return, Net	\$ 6,225,377	\$ 10,755,294
Interest and Dividend Income	739,279	862,842
Contribution Revenue Released From Restriction	195,000	212,302
Other Revenue	55,355	49,292
Total Revenues	<u>7,215,011</u>	<u>11,879,730</u>
Expenses:		
Operating:		
Grants and Program Related Expenses	6,275,263	5,603,380
General Administrative Expenses	1,032,548	915,403
Total Operating Expenses	<u>7,307,811</u>	<u>6,518,783</u>
Provision for Excise Tax:		
Current	39,431	31,271
Deferred	36,000	95,000
Total Expenses	<u>7,383,242</u>	<u>6,645,054</u>
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(168,231)	5,234,676
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contribution Revenue	-	270,000
Net Assets Released from Restrictions	(195,000)	(212,302)
Total	<u>(195,000)</u>	<u>57,698</u>
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	<u>(195,000)</u>	<u>57,698</u>
INCREASE (DECREASE) IN NET ASSETS	(363,231)	5,292,374
Net Assets - Beginning of Year	<u>121,028,295</u>	<u>115,735,921</u>
NET ASSETS - END OF YEAR	<u><u>\$ 120,665,064</u></u>	<u><u>\$ 121,028,295</u></u>

See accompanying Notes to Financial Statements.

CONNECTICUT HEALTH FOUNDATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024		
	Programs	Management and General	Total
Grants and Supporting Activities	\$ 4,455,174	\$ -	\$ 4,455,174
Salaries and Benefits	1,458,516	819,443	2,277,959
Operations	151,029	94,814	245,843
Facilities	109,709	61,639	171,348
Professional Services	100,835	56,652	157,487
	<u>\$ 6,275,263</u>	<u>\$ 1,032,548</u>	<u>\$ 7,307,811</u>
	2023		
	Programs	Management and General	Total
Grants and Supporting Activities	\$ 4,018,705	\$ -	\$ 4,018,705
Salaries and Benefits	1,237,508	708,660	1,946,168
Operations	161,464	100,400	261,864
Facilities	93,833	53,734	147,567
Professional Services	91,870	52,609	144,479
	<u>\$ 5,603,380</u>	<u>\$ 915,403</u>	<u>\$ 6,518,783</u>

See accompanying Notes to Financial Statements.

CONNECTICUT HEALTH FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (363,231)	\$ 5,292,374
Adjustments to Reconcile Change in Net Assets to		
Net Cash Used by Operating Activities:		
Depreciation and Amortization	53,679	46,788
Noncash Lease Effect	(62,134)	(58,632)
Loss on Sale of Property and Equipment	-	-
Net Realized and Unrealized Gain on Investments	(7,285,404)	(11,563,494)
Increase (Decrease) in Operating Assets:		
Accounts Receivable	-	-
Prepaid Expenses and Deposits	(12,057)	(13,036)
Prepaid Grants	498,250	66,329
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Liabilities	341,070	30,683
Deferred Excise Tax Liability	36,000	95,000
Net Cash Used by Operating Activities	<u>(6,793,827)</u>	<u>(6,103,988)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(22,883)	(33,468)
Purchase of Program Related Investment	(250,000)	-
Purchases of Investments	(63,626,739)	(55,758,501)
Proceeds from Sale of Investments	70,258,737	61,580,559
Net Cash Provided by Investing Activities	<u>6,359,115</u>	<u>5,788,590</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(434,712)	(315,398)
Cash and Cash Equivalents - Beginning of Year	<u>911,408</u>	<u>1,226,806</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 476,696</u>	<u>\$ 911,408</u>

See accompanying Notes to Financial Statements.

CONNECTICUT HEALTH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

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, in 2023, the Foundation was the recipient of three private grants totaling \$270,000 to be used for trusted messenger grant making. As of December 31, 2024, \$195,000 of these grants met their barriers and were subsequently released from restriction. The remaining balance of \$75,000 in restricted funds have not been met by the sub awardee's and 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. The Foundation's methodology for estimating fair value of alternative investments is to utilize values based on the funds' audited financial statements as of December 31st of each year.

CONNECTICUT HEALTH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Program Related Investments

During 2024, the Foundation made its first Program Related Investment (PRI) with Capital for Change (C4C), a Connecticut-based community development financial institution (CDFI) in the amount of \$250,000. See Note 4 for additional information.

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 \$53,679 and \$46,788 for the years ended December 31, 2024 and 2023, respectively. Accumulated depreciation and amortization was \$450,172 and \$376,926 for the years ended December 31, 2024 and 2023, respectively

CONNECTICUT HEALTH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

In accordance with FASB 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 statements 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, 2024 and 2023.

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, 2024, 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 distribution has an expiration date of 2028.

Spending Policy

The Foundation calculates planned spending as a percentage of the trailing twenty-quarter average market value as of June 30 of the previous year with a cap of 6%, unless an increased cap is approved by the board in a given year.

CONNECTICUT HEALTH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

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, 2024 and 2023, the Foundation awarded \$657,500 and \$994,700, 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, 2024 and 2023. As of December 31, 2024 and 2023, conditional grants in the amount of \$2,416,600 and \$2,914,850, respectively, were paid prior to year-end and are recognized as Prepaid Grants on the statements 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.

Leases

The Foundation leases office equipment and office space. The Foundation determines if an arrangement is a lease at inception.

ROU assets represent the Foundation's right to use an underlying asset for the lease term and lease liabilities represent the Foundation's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Foundation has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statements of financial position.

Subsequent Events

In preparing these financial statements, management has evaluated subsequent events through September 16, 2025, which represents the date the financial statements were available to be issued.

CONNECTICUT HEALTH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

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 below.

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:

	2024	2023
Cash and Cash Equivalents	\$ 476,696	\$ 911,408
Cash Held by Portfolio Managers	3,212,568	1,959,700
Domestic Equity	2,942,489	2,608,411
International Equity	8,411,150	9,901,385
Fixed Income	4,570,710	7,223,861
Total Assets Available	<u>\$ 19,613,613</u>	<u>\$ 22,604,765</u>

CONNECTICUT HEALTH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 3 FAIR VALUE

Accounting principles generally accepted in the United States of America 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.

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.

CONNECTICUT HEALTH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 3 FAIR VALUE (CONTINUED)

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. At December 31, 2024 and 2023, the Foundation's unfunded commitment is \$330,000 and \$0 respectively.

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, 2024 and 2023, the Foundation's unfunded commitment is \$9,020,653 and \$10,584,664 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. At December 31, 2024 and 2023, the Foundation's unfunded commitment is \$513,225 and \$573,225 respectively.

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, 2024 and 2023.

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.

CONNECTICUT HEALTH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 3 FAIR VALUE (CONTINUED)

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

2024					
	Fair Value Measurements Using			Investments Measured at Net Assets	Total
	Level 1	Level 2	Level 3	Value (a)	
Domestic Equity	\$ 2,942,489	\$ -	\$ -	\$ 3,799,976	\$ 6,742,465
International Equity	8,411,150	1,416,523	-	42,737,816	52,565,489
Private Equity	-	-	-	22,251,738	22,251,738
Fixed Income	4,570,710	-	-	2,890,639	7,461,349
Marketable Alternatives	-	-	-	25,916,626	25,916,626
Total Investments at Fair Value	15,924,349	1,416,523	-	97,596,795	114,937,667
Cash Held by Portfolio Managers	3,212,568	-	-	-	3,212,568
Total Investments	<u>\$ 19,136,917</u>	<u>\$ 1,416,523</u>	<u>\$ -</u>	<u>\$ 97,596,795</u>	<u>\$ 118,150,235</u>
2023					
	Fair Value Measurements Using			Investments Measured at Net Assets	Total
	Level 1	Level 2	Level 3	Value (a)	
Domestic Equity	\$ 2,608,411	\$ -	\$ -	\$ 2,991,740	\$ 5,600,151
International Equity	9,901,385	1,324,879	-	43,737,484	54,963,748
Private Equity	-	-	-	22,643,164	22,643,164
Fixed Income	7,223,861	-	-	176,986	7,400,847
Marketable Alternatives	-	-	-	24,929,219	24,929,219
Total Investments at Fair Value	19,733,657	1,324,879	-	94,478,593	115,537,129
Cash Held by Portfolio Managers	1,959,700	-	-	-	1,959,700
Total Investments	<u>\$ 21,693,357</u>	<u>\$ 1,324,879</u>	<u>\$ -</u>	<u>\$ 94,478,593</u>	<u>\$ 117,496,829</u>

- (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, 2024 and 2023.

CONNECTICUT HEALTH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

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, 2024 and 2023, is as follows:

	2024			
	Fair Value	Unfunded Commitments	Redemption Terms	Redemption Restrictions
Domestic Equity	\$ 3,799,976	\$ -	Monthly	30 Days Written Notice
International Equity	42,737,816	330,000	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	22,251,738	9,020,653	Illiquid	-
Fixed Income	2,890,639	513,225	Quarterly	-
			Monthly, Quarterly, Annually, Every 12 or 36 Months on Anniversary of Purchase, Illiquid Including Lock-Up Periods of 12, 24, and 36 Months	0-126 Days Written Notice
Marketable Alternative	25,916,626	-		
Total	<u>\$ 97,596,795</u>	<u>\$ 9,863,878</u>		
	2023			
	Fair Value	Unfunded Commitments	Redemption Terms	Redemption Restrictions
Domestic Equity	\$ 2,991,740	\$ -	Monthly	30 Days Written Notice
International Equity	43,737,484	-	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	22,643,164	10,584,664	Illiquid	-
Fixed Income	176,986	573,225	Quarterly	-
			Monthly, Quarterly, Annually, Every 12 or 36 Months on Anniversary of Purchase, Illiquid Including Lock-Up Periods of 12, 24, and 36 Months	0-126 Days Written Notice
Marketable Alternative	24,929,219	-		
Total	<u>\$ 94,478,593</u>	<u>\$ 11,157,889</u>		

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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, 2024 and 2023, are reported in Investment Return, Net, in the statements 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 \$548,887 and \$670,289 for the years ended December 31, 2024 and 2023, respectively.

NOTE 4 PROGRAM RELATED INVESTMENTS

The Foundation holds a \$250,000 PRI promissory note that reflects a debt agreement with C4C, a Connecticut-based CDFI. The full principal balance is due August 2029. Quarterly interest payments at 3% are recorded as interest income. The Foundation considers the balance to be fully collectible and there has not been any forgiveness of balances or write off during 2024. No allowance for credit loss has been determined as of December 31, 2024.

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NOTE 5 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 2024 and 2023. For the years ended December 31, 2024 and 2023, total cost to the Foundation was \$81,781 and \$64,414, 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.

During 2024 and 2023, the sole participant made regular biweekly contributions of \$308 and \$288 respectively, and made an annual contribution of \$15,000.

NOTE 6 LEASES – ASC 842

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 \$154,378 and \$151,116 for the years ended December 31, 2024 and 2023, 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 \$6,288 for the years ended December 31, 2024 and 2023.

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NOTE 6 LEASES – ASC 842 (CONTINUED)

The following table provides quantitative information concerning the Foundation's leases:

	<u>2024</u>	<u>2023</u>
Lease Cost:		
Operating Lease Cost	\$ 172,170	\$ 171,425
Total Lease Cost	<u>\$ 172,170</u>	<u>\$ 171,425</u>
Other Information:		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Operating Leases	\$ 160,665	\$ 157,414
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities:	\$ -	\$ -
Weighted-Average Remaining Lease Term - Operating Leases	3.9 Years	4.9 Years
Weighted-Average Discount Rate - Operating Leases	1.62%	1.62%

The Foundation classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31 is as follows:

<u>Year Ending December 31,</u>	<u>Operating Leases</u>
2025	\$ 163,927
2026	162,473
2027	164,162
2028	167,423
Thereafter	<u>-</u>
Undiscounted Cash Flows	657,985
Less: Imputed Interest	<u>(20,655)</u>
Total Present Value	<u>\$ 637,330</u>
Short-Term Lease Liabilities	\$ (154,919)
Long-Term Lease Liabilities	<u>(482,411)</u>
Total	<u>\$ (637,330)</u>

