Audited Financial Statements

Advancing Connecticut Together, Inc.

Years ended December 31, 2025, and 2024
with Independent Auditors' Report, Reports in
Accordance with Government Auditing Standards,
Uniform Guidance, and State Single Audit Act

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Advancing Connecticut Together, Inc.

Years Ended December 31, 2025, and 2024

Contents

Independent Auditors' Report

To the Board of Directors of
Advancing Connecticut Together, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Advancing Connecticut Together, Inc. (the Organization), a not-for-profit, which comprise the statements of financial position as of December 31, 2025 and 2024, 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 the Organization as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. 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 the Organization 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 the Organization's ability to continue as a going concern within one year after the date that 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 generally accepted auditing standards and *Government Auditing Standards* 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, including omissions, 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 generally accepted auditing standards and *Government Auditing Standards*, 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 the Organization'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 the Organization'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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2026, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Fiondella, Milone & LaSaracina LLP

Glastonbury, Connecticut
July 28, 2026

Advancing Connecticut Together, Inc.
Statements of Financial Position
December 31, 2025 and 2024

Assets		**2025**		**2024**
Current assets:				
Cash and cash equivalents	**$**	**5,002,148**	$	5,999,751
Cash - fiscal agent funds		**76,439**		80,311
Grants, fees and contributions receivable		**2,459,579**		1,505,528
Investments		**740,894**		332,465
Prepaid expenses and other assets		**402,094**		81,494
Total current assets		**8,681,154**		7,999,549
Non-current assets:				
Unemployment trust cash reserve		**37,566**		67,469
Security deposits		**5,180**		5,180
Right of use asset, net		**292,906**		246,073
Property and equipment, net		**43,430**		94,241
Total non-current assets		**379,082**		412,963
Total assets	**$**	**9,060,236**	$	8,412,512
Liabilities and net assets				
Current liabilities:				
Accounts payable and accrued expenses	**$**	**482,957**	$	562,843
Refundable advances		**2,884,853**		3,665,840
Operating lease liability, current		**162,124**		175,415
Fiscal agent funds		**76,439**		80,311
Total current liabilities		**3,606,373**		4,484,409
Non-current liabilities:				
Unemployment trust reserve		**37,566**		67,469
Operating lease liability, long-term		**130,782**		70,658
Total non-current liabilities		**168,348**		138,127
Total liabilities		**3,774,721**		4,622,536
Net assets				
Without donor restrictions:				
Undesignated		**4,171,217**		2,540,758
Board designated		**864,827**		788,197
Total net assets without donor restrictions		**5,036,044**		3,328,955
With donor restrictions		**249,471**		461,021
Total net assets		**5,285,515**		3,789,976
Total liabilities and net assets	**$**	**9,060,236**	$	8,412,512

See accompanying notes

Advancing Connecticut Together, Inc.
Statements of Activities and Changes in Net Assets
Years Ended December 31, 2025 and 2024

	2025	2024
Changes in net assets without donor restrictions:		
Support and revenues:		
Grants	**$ 13,335,325**	$ 10,392,093
Contributions	**1,938,540**	657,315
In-kind contributions	**708,422**	441,000
Interest income	**18,201**	13,042
Investment income, net of fees	**58,429**	13,136
Miscellaneous income	**263,399**	319,828
Net assets released from restrictions	**550,550**	574,362
Total support and revenues	**16,872,866**	12,410,776
Expenses:		
Program services:		
Financial assistance	**9,003,689**	6,267,912
HIV services	**2,046,904**	2,379,258
Financial empowerment	**1,212,146**	1,133,414
Sponsored programs	**804,369**	1,127,017
Quality assurance	**970,070**	245,597
Other programs	**103,627**	116,339
Total program services	**14,140,805**	11,269,537
Supporting services:		
Management and general	**915,853**	857,252
Fundraising	**109,119**	124,967
Total expenses	**15,165,777**	12,251,756
Change in net assets without donor restrictions	**1,707,089**	159,020
Changes in net assets with donor restrictions:		
Contributions	**339,000**	522,926
Net assets released from restrictions	**(550,550)**	(574,362)
Change in net assets with donor restrictions	**(211,550)**	(51,436)
Change in net assets	**1,495,539**	107,584
Net assets - beginning of year	**3,789,976**	3,682,392
Net assets - end of year	**$ 5,285,515**	$ 3,789,976

See accompanying notes

Advancing Connecticut Together, Inc.
Statement of Functional Expenses
Year Ended December 31, 2025

	Program Services									
	Financial Assistance	**HIV Services**	**Financial Empowerment Services**	**Sponsored Programs**	**Quality Assurance Services**	**Other Programs**	**Total Program Services**	**Management and General**	**Fundraising**	**Total**
Client assistance	$ 8,511,436	$ 493,702	$ 708,422	$ -	$ -	$ 202	$ 9,713,762	$ -	$ -	$ 9,713,762
Salaries and wages	168,044	961,090	256,148	235,893	157,914	42,186	1,821,275	656,946	71,089	2,549,310
Information technology	69,298	34,614	4,953	1,344	540,583	11,368	662,160	2,762	-	664,922
Employee benefits and payroll taxes	30,118	196,909	52,522	28,940	31,211	15,721	355,421	167,728	13,766	536,915
General program and operating	223	5,463	110,240	278,800	37,198	16,877	448,801	-	2,967	451,768
Subcontracts	-	19,776	50,551	21,436	162,875	-	254,638	-	-	254,638
Occupancy	113,438	77,520	6,542	2,340	11,237	396	211,473	5,852	-	217,325
Professional fees	5,079	20,701	287	97,871	14,647	-	138,585	69,094	11,452	219,131
Supplies	319	143,591	3,238	11,319	52	1	158,520	32	6,542	165,094
Grants to other organizations	-	-	-	80,563	-	-	80,563	-	-	80,563
Conference, meetings, training, and travel	1,259	27,618	12,443	25,385	2,180	17	68,902	186	2,222	71,310
Insurance	27,370	29,952	1,606	-	2,849	-	61,777	6,551	-	68,328
Depreciation	32,132	7,507	1,912	-	3,270	4,292	49,113	1,698	-	50,811
Communications	22,000	13,481	1,249	39	4,007	857	41,633	1,714	-	43,347
Office	20,464	8,040	1,918	1,129	1,431	1,212	34,194	984	1,042	36,220
Vehicles	-	2,913	-	11,200	-	-	14,113	-	-	14,113
Lobbying	-	-	-	1,313	-	9,000	10,313	-	-	10,313
Miscellaneous	1,317	3,751	45	3,138	518	369	9,138	919	39	10,096
Equipment and maintenance	1,051	242	59	2,788	94	4	4,238	62	-	4,300
Interest and service charges	141	34	11	91	4	1,125	1,406	1,325	-	2,731
Dues and subscriptions	-	-	-	780	-	-	780	-	-	780
	$ 9,003,689	$ 2,046,904	$ 1,212,146	$ 804,369	$ 970,070	$ 103,627	$ 14,140,805	$ 915,853	$ 109,119	$ 15,165,777

See accompanying notes

Advancing Connecticut Together, Inc.
Statement of Functional Expenses
Year Ended December 31, 2024

	Program Services									
	Financial Assistance	**HIV Services**	**Financial Empowerment Services**	**Sponsored Programs**	**Quality Assurance Services**	**Other Programs**	**Total Program Services**	**Management and General**	**Fundraising**	**Total**
Client assistance	$ 5,917,574	$ 605,511	$ 453,734	$ -	$ -	$ 2,618	$ 6,979,437	$ 287	$ -	$ 6,979,724
Salaries and wages	113,708	1,130,160	403,879	207,809	47,103	24,453	1,927,112	622,217	90,376	2,639,705
Information technology	37,574	28,236	8,953	19,832	31,190	17,286	143,071	3,501	162	146,734
Employee benefits and payroll taxes	21,949	219,608	75,141	37,824	2,511	2,980	360,013	150,618	17,426	528,057
General program and operating	228	9,564	55,524	294,395	10	9,406	369,127	2,759	542	372,428
Subcontracts	-	27,828	75,712	12,000	158,361	-	273,901	-	-	273,901
Occupancy	98,141	78,703	10,153	3,372	3,795	472	194,636	11,315	-	205,951
Professional fees	6,537	10,176	5,850	12,909	167	21	35,660	39,236	3,613	78,509
Supplies	-	153,953	14,520	12,881	-	4,703	186,057	2,847	5,836	194,740
Grants to other organizations	-	26,482	1,000	475,434	-	-	502,916	-	-	502,916
Conference, meetings, training, and travel	1,162	21,611	18,739	38,795	81	436	80,824	5,760	3,880	90,464
Insurance	17,549	29,802	1,767	-	602	7,430	57,150	5,015	-	62,165
Depreciation	19,915	7,103	1,784	-	695	26,028	55,525	4,213	-	59,738
Communications	19,314	17,734	2,514	2,888	712	472	43,634	190	-	43,824
Office	13,041	4,184	4,028	3,380	334	78	25,045	2,272	1,969	29,286
Vehicles	-	6,068	-	-	-	-	6,068	-	-	6,068
Lobbying	-	-	-	275	-	8,250	8,525	-	-	8,525
Miscellaneous	115	38	10	631	5	11,380	12,179	371	1,004	13,554
Equipment and maintenance	1,011	2,480	101	1,519	29	5	5,145	-	-	5,145
Interest and service charges	94	17	5	73	2	321	512	6,651	159	7,322
Dues and subscriptions	-	-	-	3,000	-	-	3,000	-	-	3,000
	$ 6,267,912	$ 2,379,258	$ 1,133,414	$ 1,127,017	$ 245,597	$ 116,339	$ 11,269,537	$ 857,252	$ 124,967	$ 12,251,756

See accompanying notes

Advancing Connecticut Together, Inc.

Statements of Cash Flows

Years Ended December 31, 2025 and 2024

		2025		2024
Cash flows from operating activities:				
Change in net assets	**$**	**1,495,539**	$	107,584
Adjustments to reconcile the change in net assets to net cash (used in) provided by operating activities:				
Investment income, net		**(58,429)**		(13,136)
Depreciation		**50,811**		59,738
Amortization of right-of-use asset		**194,824**		138,356
(Increase)/decrease in operating assets:				
Grants, fees and contributions receivable		**(954,051)**		2,565,077
Prepaid expenses		**(320,600)**		(36,870)
Security deposits		**-**		(2,250)
(Increase)/decrease in operating liabilities:				
Accounts payable and accrued liabilities		**(79,886)**		85,635
Operating lease liability		**(194,824)**		(138,356)
Refundable advances		**(780,987)**		1,859,178
Fiscal agent funds		**(3,872)**		40,223
Unemployment trust reserve liability		**(29,903)**		(600)
Net cash (used in) provided by operating activities		**(681,378)**		4,664,579
Cash flows from investing activities:				
Purchases of investments		**(350,000)**		(200,000)
Net cash used in investing activities		**(350,000)**		(200,000)
Net change in cash and cash equivalents		**(1,031,378)**		4,464,579
Cash and cash equivalents - beginning of year		**6,147,531**		1,682,952
Cash and cash equivalents - end of year	**$**	**5,116,153**	$	6,147,531
Reconciliation of cash, cash equivalents, and restricted cash:				
Cash and cash equivalents	**$**	**5,002,148**	$	5,999,751
Restricted Cash:				
Cash - fiscal agents funds		**76,439**		80,311
Unemployment trust cash reserve		**37,566**		67,469
Cash, cash equivalents, and restricted cash, as presented above:	**$**	**5,116,153**	$	6,147,531
Supplemental non-cash transactions:				
Remeasurement of right-of-use assets and operating lease liabilities	**$**	**241,657**	$	-

See accompanying notes

1. Purpose of Organization

Advancing Connecticut Together, Inc. (ACT), a not-for-profit, with its partners, addresses the root causes of poverty, addiction and health inequities through strength-based services and advocacy to ensure all people in Connecticut have equitable resources necessary to achieve multi-generational health, wealth and happiness. Our Vision: We see a future whereby our neighbors thrive in an equitable society.

Connecticut Association for Human Services, Inc. (CAHS), a division of ACT, improves opportunity and prosperity for Connecticut's children and families by shaping policies and programs that significantly and measurably reduce poverty and promote a secure future. In operation since 1910, CAHS envisions a Connecticut where all children and families thrive and, regardless of income, contribute to and share in Connecticut's growth. To realize this, CAHS:

- Convenes and builds coalitions that engage policy makers, existing networks, and general public in building a family-friendly economy in Connecticut.
- Develops the capacity of leaders and communities to take action on statewide family economic security issues.
- Provides information on and access to basic resources, financial education, and the building of assets.
- Researches, analyzes, and evaluates current trends, needs, gaps, and progress being made in the economic well-being of children and families, and then shares these findings with target audiences.

Effective January 1, 2023, ACT and CAHS (collectively, the Organization) merged operations and financial activity. The financial statements for the year ended December 31, 2025, and 2024 present the consolidated financial position, activities, functional expenses, and cash flows for the Organization.

2. Summary of Significant Accounting Policies

Basis of Presentation

The Organization complies with the *Financial Statements of Not-for-Profit Organizations* topic of the Financial Accounting Standards Board (FASB) Accounting Standard Codification. Under this topic, the Organization reports information regarding its financial position and activities according to the following net asset categories:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations, but may be designated for specific purposes by the Board of Directors (the Board).

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time, or which may be perpetual.

2. Summary of Significant Accounting Policies (continued)

Cash Equivalents

For the purposes of the statements of cash flows, the Organization considers all short-term, highly liquid investments with original maturities of three months or less to be cash equivalents.

Cash - Fiscal Agent Funds

The Organization acts as a fiscal agent for certain programs. The funding received for these programs is restricted for use in accordance with the respective programs. A liability is recorded for the restricted amounts.

Unemployment Trust Reserve

The Organization maintains a participation agreement with Unemployment Services Trust (Trust). The Trust provides eligible nonprofit employers with an alternative means for funding (reimbursing) unemployment costs for former employees who have terminated their employment. The Organization may revoke its participation in the Trust upon ninety (90) days written notice to the Trustees. Upon notice, the Trust will return to the Organization its account balance representing its proportionate share of the assets of the Trust.

Endowment Assets and Investment Policies

The Organization complies with the *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* topic of the FASB Codification. This topic provides guidance on the net asset classification of donor-restricted endowment funds for not-for-profit organizations that are subject to the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA).

The Board policy specifies that the capital to the endowment will be retained and invested and that there will be no withdrawal of capital or earnings except upon approval by the Board.

The Organization carries investments in marketable securities at their current fair value as determined through published market quotations or quoted prices for similar investments (see Note 3). Unrealized and realized gains and losses are included in the accompanying statement of activities.

Fair Value of Financial Instruments

The FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements*, provides the 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).

2. Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments (continued)

The three levels of the fair value hierarchy are described below:

Level 1 — Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 — Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 — Significant unobservable inputs that reflect the Organization's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Certain investments are measured at fair value using the net asset value (NAV) per share (or its equivalent) practical expedient and therefore have not been classified within the fair value hierarchy. The NAV practical expedient is utilized for investments for which fair value is measured based on the reported net asset value of the investment vehicle as a practical expedient to estimate fair value. Such investments are disclosed separately from investments classified within Levels 1, 2, and 3 of the fair value hierarchy.

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.

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 Organization 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 value measurement at the reporting date.

Property and Equipment

Property and equipment are recorded at cost. Maintenance and repairs are charged to expenses as incurred. Depreciation is computed on the straight-line method based on estimated useful lives of three to seven years. As of December 31, 2025, and 2024, property and equipment consists of furniture and fixtures, net of accumulated depreciation of $241,090 and $205,948, respectively.

2. Summary of Significant Accounting Policies (continued)

Leases

Short Term Leases - Short term leases are expensed on a straight-line basis over the lease term, with differences between lease payments and lease expenses being recorded to deferred rent.

Operating Leases - Operating leases are recorded through a right-of-use (ROU) asset and lease liability on the statements of financial position. The lease liability is recorded at a present value using the Organization's incremental borrowing rate based on the information available at commencement date. The lease liability is reduced as lease payments are made throughout the life of the lease. The ROU asset is reduced as lease expense is recognized on a straight-line basis throughout the life of the lease. The total lease expense is equal to the total lease component payments made for the lease.

Finance Leases - Finance leases are recorded through a right-of-use asset within property, plant and equipment and lease liability on the statements of financial position. The lease liability is recorded at present value using the Organization's incremental borrowing rate based on the information available at commencement date. The lease liability is reduced as lease payments are made throughout the life of the lease. The initial right-of-use asset value is amortized over the life of the lease on a straight-line basis. Interest expense is recognized based on the lease liability and the rate used. The sum of the right-of-use amortization and the lease expense is equal to the total lease component payments made for the lease.

Variable Payments - Variable lease payments are recognized as lease expenses in the period in which they are incurred.

The ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. The Organization has lease agreements with lease and non-lease components, which are generally accounted for separately.

Revenue and Support

Grants

The Organization receives grant and contract funding from various federal and state governments and foundations to provide a variety of program services to the public based on certain performance requirements included in the agreement, and the incurrence of allowable qualifying expenses and other requirements. Such government and foundation grants and contracts are nonreciprocal transactions and include conditions stipulated by the government agencies and foundations and are, therefore, accounted for as conditional contributions. Public support is recognized as revenue when conditions are satisfied, typically when the Organization has incurred expenditures in compliance with specific contract or grant provisions.

Management believes grants receivable have minimal collection risk. Accordingly, management has not established an allowance for uncollectable grants receivable. Cash received on government and foundation grants and contracts prior to incurring allowable expenses are recorded as refundable advances.

2. Summary of Significant Accounting Policies (continued)

Revenue and Support (continued)

Contributions

Contributions are defined as voluntary, nonreciprocal transfers. Unrestricted and unconditional contributions are recognized as support when received or pledged, if applicable. Contributions are reported as net assets with donor restrictions 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 released to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor restricted contributions that are received and released in the same period are presented as without donor restrictions. Conditional gifts, with a measurable performance or other barrier and right of return, are not recognized until the conditions on which they depend are substantially met or explicitly waived by the donor.

Contributions receivable are all expected to be collected within one year. Management has determined all receivables are collectible.

In-Kind Contributions

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased. Contributed services are recorded at fair value based on current rates for similar services. Volunteers also provided support and fundraising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under U.S. GAAP were not met. The Organization has recognized $708,422 and $441,000 of contributed nonfinancial assets for the years ended December 31, 2025 and 2024, respectively. These contributions were made up of volunteer hours for the Volunteer Income Tax Assistance program that are calculated, at fair value, based on the average salaries of tax preparers and are reported as contributions for the years ended December 31, 2025 and 2024.

Miscellaneous Income

Miscellaneous income consists of fiscal agent fee revenue, revenue from program services, and special event revenue. Generally, revenues reported in miscellaneous income are recognized when services are provided, or events occur.

Cost Allocation

The financial statements report certain categories of expenses that are attributable to one or more program functions of the Organization. Payroll and staffing costs are allocated based on the time and effort expended by the Organization's employees. Rent, utilities and travel costs are allocated based on the proportion of full-time employee equivalents of an individual program or other supporting service versus the total full-time employee equivalents of the Organization.

2. Summary of Significant Accounting Policies (continued)

Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassification

Certain prior year amounts have been reclassified to conform with the current year's presentation with no change to total reported net assets.

3. Investments

The Organization's investments are held by The Community Foundation for Greater New Haven. The fund is co-mingled and invested with The Community Foundation's pool of assets which is a diversified portfolio of equity securities, fixed income investments, hedge funds, private equity funds, venture capital funds, and other alternative investments. The Organization's ownership interest is represented by units in the commingled fund and is valued based upon the net asset value (NAV) of the fund. In accordance with ASC 820, Fair Value Measurement, the Organization has elected to utilize the NAV practical expedient to estimate fair value. Accordingly, the investment is not classified within Levels 1, 2, or 3 of the fair value hierarchy. The fund is subject to The Community Foundation's investment guidelines and spending policies and is restricted to benefit the Organization. Generally, withdrawals of up to 50% require 60 days advance notice and withdrawals in excess of 50% require 90 days advance notice. Redemption proceeds may be delayed due to withdrawal restrictions associated with certain underlying investments. For the years ended December 31, 2025 and 2024, the fund balance was valued at $740,895 and $332,465, respectively.

Investment activity for the years ended December 31, 2025 and 2024, consisted of the following:

	2025	2024
Balance as of beginning of year	**$ 332,465**	$ 119,329
Contributions	**350,000**	200,000
Unrealized/realized gains	**54,189**	11,970
Interest and dividends	**4,798**	1,266
Administrative fees	**(558)**	(100)
Balance as of end of year	**$ 740,894**	$ 332,465

4. Funds Held by Other

On July 27, 2007, a designated fund was established by Joel Fried, in the name of Richard B. Fried, through the Hartford Foundation for Public Giving (HFPG). ACT is the sole income interest beneficiary of the Richard B. Fried Fund, of which these funds are designated for the use to advocate on behalf of people living with HIV/AIDS in Connecticut to ensure a full range of quality housing and services necessary to maximize their potential and live their lives in dignity. 100% of the income generated by the fund will be distributed to ACT, based on HFPG's spending policy. HFPG uses a total return investment approach, with annual spending for designated funds set at 5% of the previous quarters' average market values. This is subject to a floor of 4.25% of current assets and a ceiling of 5.75% of current assets. In the event that ACT was unable to continue its operations, HFPG would retain sole possession of the designated fund and spend the remaining funds according to other charitable purposes described in the original mission statement. Total income received from the Richard B. Fried Fund for the years ended December 31, 2025 and 2024 was \$3,160 and \$3,086, respectively, and are included in contributions. The total asset value of the Richard B. Fried Fund at December 31, 2025 and 2024, was \$91,685 and \$82,754, respectively. The total asset value is not recorded on the financial statements.

5. Operating Right-of-Use Assets and Lease Liabilities

The Organization leases various office facilities that expire on various dates through September 2027. Operating lease cost amounted to \$197,177 and \$196,234 for the years ended December 31, 2025, and 2024, respectively. The Organization uses its incremental borrowing rate of 4% to discount future lease payments. As of December 31, 2025, and 2024, the weighted-average lease term for the Organization's operating leases was approximately 1.8 years and 2.61 years, respectively.

The future minimum lease payments on these leases are as follows for the years ending December 31:

2026	$	170,201
2027		132,702
Total undiscounted cash flows		302,903
Less: present value discount		(9,997)
Total lease liability	$	292,906
Current portion of lease liability	$	162,124
Long term portion of lease liability	$	130,782

Supplemental statement of financial position information is as follows at December 31:

		2025		2024
Operating lease right-of-use asset at inception	**$**	**706,510**	$	706,510
Operating lease right-of-use asset remeasurement		**241,657**		-
Operating lease right-of-use asset amortization		**(655,261)**		(460,437)
Operating lease right-of-use assets	**$**	**292,906**	$	246,073

6. Board Designated Endowment

The Board of Directors has deemed it prudent operating policy to maintain a "reserve", representing a minimum level of funds required to continue current core operations. Board designated endowment activity, which is included in net assets without donor restrictions, is as follows for the years ended December 31:

		2025		2024
Endowment, beginning of year	**$**	**788,197**	$	762,019
Interest income		**18,201**		13,042
Investment income, net of fees		**58,429**		13,136
Endowment, end of year	**$**	**864,827**	$	788,197

7. Net Assets with Donor Restriction

Net assets with donor restrictions related to purpose are as follows as of December 31:

		2025		2024
Early Childhood Alliance	**$**	**72,500**	$	275,000
Naloxone/Narcan		**26**		26
Donation for Connections		**-**		7,577
PhRMA		**2,500**		2,500
Leadership Development		**6,650**		6,650
Advocacy		**5,000**		5,000
Prevention		**10,250**		10,250
Shawn Lang Memorial Funds		**20,258**		20,258
CAHS Policy Initiatives		**-**		12,500
CAHS Returning Citizens Program		**23,759**		-
New Haven Financial Empowerment Center		**25,028**		7,093
Volunteer Income Tax Assistance		**48,500**		-
Civic Mind – Yoga in the City		**-**		50,000
Bank on CT		**20,000**		14,167
Keep The Promise		**15,000**		50,000
	$	**249,471**	$	461,021

8. Employee Benefit Plans

ACT's eligible employees participate in a 403(b) matching plan. Under this plan, ACT has the option to contribute 3% of eligible employee salary. Eligible employees are defined as any employee who work 500 hours per year. Pension expense totaled $39,194 and $38,211 for the years ended December 31, 2025 and 2024, respectively.

9. Contingency

Grants require the fulfillment of certain conditions as set forth in the instrument of the grants. Failure to fulfill the conditions could result in the return of funds to grantors.

The Organization maintains cash in bank accounts, which at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash or cash equivalents.

10. Concentrations

For each of the years ended December 31, 2025, and 2024, approximately 80% and 84%, respectively, of the Organization's funding came from the State of Connecticut and the Federal government. At December 31, 2025 and 2024, approximately 100% and 84%, respectively of the Organizations receivables are due from the State of Connecticut and the Federal Government.

11. Income Taxes

The Organization has received an exemption from the Internal Revenue Service (IRS) from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Council is required to make the appropriate tax payments on any income considered unrelated to its exempt purpose.

Management of the Organization evaluates all significant tax positions required by GAAP. At December 31, 2025, and 2024, management stated it does not have any tax position that would require the recording of any additional tax liability nor does it have any unrealized tax benefits that would either increase of decrease within the next twelve months. The Organization's income tax returns are subject to examination by the appropriate taxing jurisdictions. As of December 31, 2025, the Council's federal and state tax returns remain open for examination for years after December 31, 2022.

12. Liquidity and Availability of Resources

The following represents the Organization's financial assets available to meet general expenditures over the next twelve months at December 31:

	2025	2024
Financial assets, at year end:		
Cash and cash equivalents	**$ 5,002,148**	$ 5,999,751
Grants, fees and contributions receivable	**2,459,579**	1,505,528
Investments	**740,894**	332,465
	8,202,621	7,837,744
Less those unavailable for general expenditure within one year:		
Net assets with donor restrictions	**(249,471)**	(461,021)
Board designated	**(864,827)**	(788,197)
Total financial assets available to meet general expenditures over the next twelve months	**$ 7,088,323**	$ 6,588,526

12. Liquidity and Availability of Resources (continued)

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

In addition, the Organization invests cash in excess of daily requirements in short-term investments. The Organization's investments are available to be released by the Board for general expenditures should the need arise, as there is no donor-imposed restriction on those funds. The Organization's spending policy stipulates that they are to be retained and invested except upon approval of the Board to spend.

The Organization is substantially supported by state and federal grants. The Organization closely tracks grants that have been received with donor restrictions to assure that these funds are only used for their intended purpose. At this time, the Organization anticipates there being sufficient liquidity to meet its general obligations.

For each of the years ended December 31, 2025, and 2024, the Organization had unexpended grants of approximately $11,358,844 and $9,367,354, respectively, that have not been recognized pending fulfillment of conditions associated with the awards.

13. Subsequent Events

The Organization monitored and evaluated any subsequent events for footnote disclosures or adjustments required in its financial statements for the period from December 31, 2025, through July 28, 2026, the date on which financial statements were available to be issued.

II. Report in Accordance with *Government Auditing Standards*

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors of
Advancing Connecticut Together, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Advancing Connecticut Together, Inc., which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 28, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Advancing Connecticut Together, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Advancing Connecticut Together, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Advancing Connecticut Together, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Advancing Connecticut Together, Inc.'s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Advancing Connecticut Together, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Advancing Connecticut Together, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Advancing Connecticut Together, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fiondella, Milone & LaSaracina LLP

Glastonbury, Connecticut
July 28, 2026

III. Report in Accordance with Uniform Guidance for Federal Awards

Independent Auditors' Report on Compliance for each Major Program; Report on Internal Control over Compliance and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Board of Directors of
Advancing Connecticut Together, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Advancing Connecticut Together, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Advancing Connecticut Together, Inc.'s major federal programs for the year ended December 31, 2025. Advancing Connecticut Together, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of federal findings and questioned costs.

In our opinion, Advancing Connecticut Together, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Advancing Connecticut Together, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Advancing Connecticut Together, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Advancing Connecticut Together, Inc.'s federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Advancing Connecticut Together, Inc.'s compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Advancing Connecticut Together, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 Advancing Connecticut Together, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Advancing Connecticut Together, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Advancing Connecticut Together, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items *2025-001*. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Independent Auditors' Report on Compliance for each Major Program; Report on Internal Control over Compliance and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance (continued)

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Advancing Connecticut Together, Inc. as of and for the year ended December 31, 2025, and have issued our report thereon dated July 28, 2026, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Fiondella, Milone & LaSaracina LLP

Glastonbury, Connecticut
July 28, 2026

Advancing Connecticut Together, Inc.
Schedule of Expenditures of Federal Awards

For the year ended December 31, 2025

Federal Grantor/Pass-Through Grantor Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Federal Expenditures
U.S. Department of Health and Human Services				
Pass-through Programs:				
City of Hartford HIV Emergency Relief Project Grants	93.914	HHS2024-72A HHS2025-90	$ -	$ 649,661
City of Hartford HIV Care Formula Grants	93.917	HHS2025-2A HHS2026-1	-	323,769
State of Connecticut Department of Social Services- Social Services Block Grant	93.667	18DSS6101FA 064-1FA-CSV-01	-	48,732
State of Connecticut Department of Mental Health and Addiction Services Projects for Assistance in Transition from Homelessness	93.150	-	-	16,800
Total U.S. Department of Health and Human Services Programs			-	1,038,962
U.S. Department of Housing and Urban Development:				
Pass-through Programs:				
State of Connecticut, Department of Housing Emergency Solutions Grant Program	14.231	24DOH0901AA 25DOHHMISRFP0AA	-	1,179,476
Total Emergency Solutions Grant Program			-	1,179,476
City of Hartford Housing Opportunities for Persons with AIDS	14.241	24-91.06	-	186,928
City of Worcester Housing Opportunities for Persons with AIDS	14.241	-	-	55,033
Total Housing Opportunities for Persons with AIDS			-	241,961
City of Hartford Community Development Block Grants/Entitlement Grants	14.218	22-91.17, 23-91.17, 24-91.17, 26-91.17	-	78,121
Continuum of Care Program	14.267	Not Applicable	-	217,749
Pass-through Programs:				
State of Connecticut Department of Housing - Continuum of Care Program	14.267	24DOH0901AA A2 25DOHRRH352000AA 26DOHRRH294030AA	-	6,433,330
State of Connecticut, Department of Mental Health and Addiction Services Continuum of Care Program	14.267	23MHA1020	-	268,578
Total Continuum of Care Program				6,919,657
Total U.S. Department of Housing and Urban Development Programs			-	8,419,215

Advancing Connecticut Together, Inc.
Schedule of Expenditures of Federal Awards

For the year ended December 31, 2025

Federal Grantor/Pass-Through Grantor Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Federal Expenditures
US Department of the Treasury				
Pass-through Programs				
Internal Revenue Service(IRS)				
Volunteer Income Tax Assistance (VITA) Matching Grant Program	21.009	23VITA0068 25VITA0089	-	171,694
State of Connecticut Department of Housing				
Coronavirus State and Local Fiscal Recovery Grants	21.027	25DOHRRHARP000AA	-	78,180
Coronavirus State and Local Fiscal Recovery Grants	21.027	24DOHACTARPARRH	-	157,987
Department of Economic and Community Development				
Coronavirus State and Local Fiscal Recovery Grants	21.027	FY25-ARPA-- 0000000096	-	71,905
Total Coronavirus State and Local Fiscal Recovery Grants			-	308,072
State of Connecticut, Department of Public Health				
Community Development Financial Institutions Small Dollar Loan Program	21.025	-	-	11
Total US Department of the Treasury Programs			-	479,777
Total Expenditures of Federal Awards			$ -	**$ 9,937,954**

See accompanying notes to the Schedule of Expenditures of Federal Awards.

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Advancing Connecticut Together, Inc. under programs of the federal government for the year ended December 31, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Advancing Connecticut Together, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Advancing Connecticut Together, Inc.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

Advancing Connecticut Together, Inc. has not elected to use the applicable de minimis indirect cost rate allowed under the Uniform Guidance.

Advancing Connecticut Together, Inc.
Schedule of Federal Findings and Questioned Costs
For the year ended December 31, 2025

I. Summary of Auditors' Results

Financial Statements

Type of report the auditor issued: Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?		Yes	X	No
• Significant deficiency(ies) identified?		Yes	X	None Reported
• Noncompliance material to financial statements noted?		Yes	X	No

Federal Awards

Internal control over major programs:

• Material weakness(es) identified?		Yes	X	No
• Significant deficiency(ies) identified?		Yes	X	None Reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	X	Yes		No

Identification of Major Programs

Name of Federal Program or Cluster	Federal Assistance Listing Number
Continuum of Care Program	14.267

Dollar threshold used to distinguish between Type A and Type B programs: $1,000,000

Auditee qualified as low-risk auditee? X yes ____ no

II. Financial Statement Findings

No matters reported.

III. Federal Awards Findings and Questioned Costs

2025-001

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program Name: Continuum of Care
Federal Assistance Listing Number: 14.267
Pass-Through Agency: State of Connecticut Department of Housing
Award Period: 7/1/2024-6/30/2026
Type of Finding: Allowed Costs in Relation to Payroll Timecard Approvals

Criteria or Specific Requirement: The Office of Management and Budget (OMB) Cost Principles and Uniform Guidance requires recipients of federal awards to maintain effective internal controls over federal programs. As part of these controls, the Organization's payroll policies require documented supervisory review and approval of employee timecards to support the accuracy and authorization of payroll expenditures charged to federal awards.

Condition: During testing of payroll transactions charged to federal awards, three employee timecards were identified that did not contain evidence of supervisory review and approval in accordance with the Organization's established policies and procedures.

Questioned Costs: No costs were questioned.

Context: The exceptions identified were limited to three timecards selected for testing. While no evidence was identified indicating that the hours reported or payroll costs recorded were inaccurate, the absence of documented supervisory approval indicates that the control designed to review and validate employee time records was not consistently performed.

Cause: Established procedures requiring supervisory review and approval of employee timecards were not consistently followed.

Recommendation: Management should strengthen monitoring procedures to ensure all employee timecards are reviewed and approved by the designated supervisor prior to payroll processing and retention within the payroll records.

Views of Responsible Officials and Planned Corrective Action: Management concurs with the finding.

IV. Reports in Accordance with the State Single Audit Act

Independent Auditors' Report on Compliance for each Major State Program and Report on Internal Control over Compliance as Required by the State Single Audit Act

To the Board of Directors of Advancing Connecticut Together, Inc.

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Advancing Connecticut Together, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of Advancing Connecticut Together, Inc.'s major state programs for the year ended December 31, 2025. Advancing Connecticut Together, Inc.'s major state programs are identified in the summary of auditors' results section of the accompanying schedule of state findings and questioned costs.

In our opinion, Advancing Connecticut Together, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended December 31, 2025.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the State Single Audit Act (C.G.S. Section 4-230 to 4-236). Our responsibilities under those standards and the State Single Audit Act are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Advancing Connecticut Together, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of Advancing Connecticut Together, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Advancing Connecticut Together, Inc.'s state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Advancing Connecticut Together, Inc.'s compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Sate Single Audit Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Advancing Connecticut Together, Inc.'s compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the State Single Audit Act, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 Advancing Connecticut Together, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Advancing Connecticut Together, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of Advancing Connecticut Together, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the State Single Audit Act and which are described in the accompanying schedule of findings and questioned costs as items *2025-001* and *2025-002*. Our opinion on each major state program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

Independent Auditors' Report on Compliance for each Major State Program
and Report on Internal Control over Compliance
as Required by the State Single Audit Act (continued)

Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

We have audited the financial statements of Advancing Connecticut Together, Inc. as of and for the year ended December 31, 2025, and have issued our report thereon dated July 28, 2026, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

Fiondella, Milone & LaSaracina LLP

Glastonbury, Connecticut
July 28, 2026

Advancing Connecticut Together, Inc.
Schedule of Expenditures of State Financial Assistance
For the year ended December 31, 2025

State Grantor/ Pass-through Grantor/ Program Title	State Grant Program Core-CT Number	Passed Through to Subrecipients	Expenditures
Department of Public Health			
HIV Services	12004-DPH48500-12236	$ -	$ 338,653
HIV Services	12060-DPH48500-30401	-	157,108
Needle and Syringe Exchange Program	12004-DPH48500-12100	-	145,164
Gun Violence Prevention	11000-DPH48500-12645	-	170,539
Total Department of Public Health		-	811,464
Department of Housing			
AIDS Residential (AID)	11000-DOH46920-16149-1200902	-	201,977
Shelter Diversion/Rapid Rehousing	11000-DOH46920-16149-1200904	-	507,381
Emergency Shelter Services (EES)	11000-DOH46920-16149-1200901	-	673
Housing Homeless Services	11000-DOH46920-16149-1200913	-	293,815
Project Longevity	11000-DOH46920-16290	-	1,089,866
Youth Transitional Living Program	11000-DOH46920-16149	-	37,031
Homeless Youth	11000-DOH46920-12504	-	74,477
Community Investment Account	12060-DOH46920-35328	-	71,494
Total Department of Housing		-	2,276,714
Judicial Branch			
Credible Messenger - LGBTQ Justice and Opportunity Network	11000-JUD96114-12616-101	75,813	142,770
Department of Mental Health and Addictions Services			
Housing Supports and Services	11000-MHA53000-12035	-	166,423
Total State Financial Assistance		$ 75,813	$ 3,397,371

See accompanying note to the Schedule of Expenditures of State Financial Assistance.

Advancing Connecticut Together, Inc.
Note to Schedule of Expenditures of State Financial Assistance

For the Year Ended December 31, 2025

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying Schedule of Expenditures of State Financial Assistance (the Schedule) includes state grant activity of Advancing Connecticut Together, Inc. under programs of the State of Connecticut for the year ended December 31, 2025. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. Because the schedule presents only a selected portion of the operations of Advancing Connecticut Together, Inc., it is not intended and does not present the financial position, changes in fund balance, changes in net position, or cash flows of Advancing Connecticut Together, Inc.

The accounting policies of Advancing Connecticut Together, Inc. conform to the accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations.

The information in the Schedule is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Basis of Accounting

Expenditures reported on the Schedule are presented on the accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule.

Advancing Connecticut Together, Inc.
Schedule of State Findings and Questioned Costs

For the year ended December 31, 2025

I. Summary of Auditors' Results

Financial Statements

Type of auditors' opinion issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ____ Yes __X__ No
- Significant deficiency(ies) identified? ____ Yes __X__ None Reported

Noncompliance material to financial statements noted? ____ Yes __X__ No

State Financial Assistance

Internal control over major programs:

- Material weakness(es) identified? ____ Yes __X__ No
- Significant deficiency(ies) identified? ____ Yes __X__ None Reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the regulations to the State Single Audit Act? __X__ Yes ____ No

The following schedule reflects the major programs included in the audit

State Grantor and Program	State Core-CT Number	Expenditures
Department of Public Health		
HIV Services	12004-DPH48500-12236	$ 338,653
Department of Housing		
Shelter Division/ Rapid Rehousing	11000-DOH46920-16149-1200904	$ 507,381
Project Longevity	11000-DOH46920-16290	$ 1,089,866
Dollar threshold used to distinguish between Type A and Type B programs		$ 300,000

II. Financial Statement Findings

No matters reported.

III. State Financial Assistance Findings and Questioned Costs

<u>2025-001</u>

State Agency: State of Connecticut Department of Housing
State Program Name:

- Shelter Division/ Rapid Rehousing 11000-DOH46920-16149-1200904
- Project Longevity 11000-DOH46920-16290

Award Period: 7/1/2024-6/30/2027
Type of Finding: Allowed Costs in Relation to Payroll Timecard Approvals

Criteria or Specific Requirement: The Office of Policy and Management (OPM) Cost Principles requires recipients of state awards to maintain effective internal controls over state programs. As part of these controls, the Organization's payroll policies require documented supervisory review and approval of employee timecards to support the accuracy and authorization of payroll expenditures charged to state awards.

Condition: During testing of payroll transactions charged to state awards, three employee timecards were identified that did not contain evidence of supervisory review and approval in accordance with the Organization's established policies and procedures.

Questioned Costs: No costs were questioned.

Context: The exceptions identified were limited to three timecards selected for testing. While no evidence was identified indicating that the hours reported or payroll costs recorded were inaccurate, the absence of documented supervisory approval indicates that the control designed to review and validate employee time records was not consistently performed.

Cause: Established procedures requiring supervisory review and approval of employee timecards were not consistently followed.

Recommendation: Management should strengthen monitoring procedures to ensure all employee timecards are reviewed and approved by the designated supervisor prior to payroll processing and retention within the payroll records.

Views of Responsible Officials and Planned Corrective Action: Management concurs with the finding.

III. State Financial Assistance Findings and Questioned Costs (continued)

2025-002

State Agency: State of Connecticut Department of Public Health
State Program Name: HIV Services 12004-DPH48500-12236
Award Period: 11/1/2021-12/31/2025
Type of Finding: Allowed Costs in Relation of Payroll Allocations

Criteria or Specific Requirement: The Office of Policy and Management (OPM) Cost Principles Guidance require expenditures charged to state awards to be recorded in accordance with applicable cost standards and the entity's cost allocation policies, including proper allocations of payroll related costs. Time and effort reported must correspond to the actual hours worked and be consistent with the allocations of payroll costs reflected in the entity's payroll records and general ledger.

Condition: During testing of payroll transactions charged to state awards, exceptions were identified across three employees in which the hours reflected on employee timecards did not agree to the labor costs allocated to state awards in the general ledger and/or journal entries. The discrepancies noted indicate that payroll allocations to state programs were not consistently supported by the underlying time records maintained by the entity.

Questioned Costs: Immaterial

Context: The exceptions identified relate to discrepancies between actual time worked as documented on employee timecards and the labor costs recorded and allocated to state programs within the general ledger. While the employees performed work during the relevant periods, the allocations to state awards were not supported by the underlying timecard records, potentially resulting in labor charges to state programs that were not reflective of actual time and effort spent on those programs.

Cause: The payroll allocation process was not reconciled to individual employee timecard records prior to posting journal entries to the general ledger.

Recommendation: Management should implement reconciliation procedures to ensure that payroll allocations recorded to state award programs are supported by and agree to actual time records prior to recording journal entries to the general ledger.

Views of Responsible Officials and Planned Corrective Action: Management concurs with the finding and has implemented a corrective action plan effective January 1, 2026.