

**COMMUNITY FOUNDATION OF
NORTH CENTRAL MASSACHUSETTS, INC.**

FINANCIAL STATEMENTS

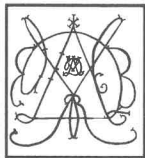
**FOR THE YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020)**

COMMUNITY FOUNDATION OF NORTH CENTRAL MASSACHUSETTS, INC.

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ANTHONY J. ALARIO 1941-1989
ROBERT C. ALARIO, CPA, MBA, CSEP
NANCY F. WASHINGTON, CPA, MST
MARK J. GORDON, CPA



Robert C. Alario

Certified Public Accountants, PC

75 North Main Street, Leominster, MA 01453

67 Millbrook Street, Suite 501, Worcester, MA 01606

www.robotalario.com

TELEPHONE
978-534-1999
508-755-7575

FAX
978-534-0499

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Community Foundation of North Central Massachusetts, Inc.
Fitchburg, MA

Report on the Financial Statements

We have audited the accompanying financial statements of Community Foundation of North Central Massachusetts, Inc. (the Foundation), which comprises the statement of financial position as of June 30, 2021 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to in the previous page present fairly, in all material respects, the financial position of Community Foundation of North Central Massachusetts, Inc. as of June 30, 2021 and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Community Foundation of North Central Massachusetts, Inc.'s financial statements for the year end June 30, 2020, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 15, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Robert C. Alario, Certified Public Accountants, P.C.

Leominster, MA
September 16, 2020

COMMUNITY FOUNDATION OF NORTH CENTRAL MASSACHUSETTS, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020)

ASSETS		
	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 612,181	\$ 1,114,743
Short-Term Investments	6,828,843	2,831,508
Pledges Receivable, Net	30,807	65,807
Other Receivables	79,043	48,678
Prepaid Expenses	18,694	16,422
Total Current Assets	7,569,568	4,077,158
LONG-TERM ASSETS		
Property and Equipment, Net	11,748	13,552
Real Estate Investment	705,000	-
Long-Term Investments	68,955,721	53,093,017
Total Long-Term Assets	69,672,469	53,106,569
TOTAL ASSETS	<u><u>\$ 77,242,037</u></u>	<u><u>\$ 57,183,727</u></u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 10,695	\$ 107,225
Grants Payable	334,035	485,090
Deferred Revenue	93,150	159,051
Undesignated Revenue	5,516	3,411
Agency Funds and Endowments	8,542,808	5,605,273
Total Current Liabilities	8,986,204	6,360,050
LONG-TERM LIABILITIES		
Long-Term Debt, Net of Current Portion	-	75,257
Total Liabilities	8,986,204	6,435,307
NET ASSETS		
Net Assets Without Donor Restrictions	3,524,193	2,091,720
Net Assets With Donor Restrictions (See Note 9)	64,731,640	48,656,700
Total Net Assets	68,255,833	50,748,420
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 77,242,037</u></u>	<u><u>\$ 57,183,727</u></u>

See Independent Auditors' Report and Accompanying Notes to Financial Statements.

COMMUNITY FOUNDATION OF NORTH CENTRAL MASSACHUSETTS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Total</u>	<u>2020 Total</u>
REVENUE AND OTHER SUPPORT				
Total Investment Return, Net (See Note 6)	\$ 3,494,806	\$ 16,890,245	\$ 20,385,051	\$ (1,084,902)
Less: Investment Returns on Agency Funds	(1,876,528)	-	(1,876,528)	112,601
Net Investment Return	<u>1,618,278</u>	<u>16,890,245</u>	<u>18,508,523</u>	<u>(972,301)</u>
Total Gifts and Donations	2,705,913	3,833,623	6,539,536	6,712,656
Less: Gifts and Donations for Agency Funds	(1,220,167)	-	(1,220,167)	(167,949)
Net Gifts and Donations	<u>1,485,746</u>	<u>3,833,623</u>	<u>5,319,369</u>	<u>6,544,707</u>
Fundraising Events, Net	139,133	-	139,133	185,546
Administrative Fee Revenue	79,269	-	79,269	71,555
PPP Loan Forgiveness	75,257	-	75,257	-
Donated Services	2,992	-	2,992	-
Sponsorships	2,000	-	2,000	6,829
Operating Grant Revenue	-	-	-	28,053
Net Assets Released for Distributions, Net	<u>4,648,928</u>	<u>(4,648,928)</u>	<u>-</u>	<u>-</u>
Total Revenue and Other Support	<u>8,051,603</u>	<u>16,074,940</u>	<u>24,126,543</u>	<u>5,864,389</u>
EXPENSES				
Donor Services and Development	260,524	-	260,524	171,257
General and Administrative	335,475	-	335,475	346,663
Grantmaking and Community Leadership (Excluding Net Grants and Donor Directed Distributions)	<u>65,153</u>	<u>-</u>	<u>65,153</u>	<u>112,280</u>
Total Expenses	<u>661,152</u>	<u>-</u>	<u>661,152</u>	<u>630,200</u>
Grants and Donor Directed Distributions	6,098,394	-	6,098,394	5,571,219
Less: Grants from Agency Funds	<u>(140,416)</u>	<u>-</u>	<u>(140,416)</u>	<u>(195,291)</u>
Net Grants and Donor Directed Distributions	<u>5,957,978</u>	<u>-</u>	<u>5,957,978</u>	<u>5,375,928</u>
Total Expenses and Donor Directed Distributions	<u>6,619,130</u>	<u>-</u>	<u>6,619,130</u>	<u>6,006,128</u>
RESULTS OF OPERATIONS	<u>1,432,473</u>	<u>16,074,940</u>	<u>17,507,413</u>	<u>(141,739)</u>
CHANGES IN NET ASSETS	<u>1,432,473</u>	<u>16,074,940</u>	<u>17,507,413</u>	<u>(141,739)</u>
NET ASSETS, BEGINNING OF YEAR	<u>2,091,720</u>	<u>48,656,700</u>	<u>50,748,420</u>	<u>50,890,159</u>
NET ASSETS, END OF YEAR	<u>\$ 3,524,193</u>	<u>\$ 64,731,640</u>	<u>\$ 68,255,833</u>	<u>\$ 50,748,420</u>

See Independent Auditors' Report and Accompanying Notes to Financial Statements.

COMMUNITY FOUNDATION OF NORTH CENTRAL MASSACHUSETTS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020)

EXPENSES	<u>General and Administrative</u>	<u>Donor Services and Development</u>	<u>Grantmaking and Community Leadership</u>	<u>2021 Total</u>	<u>2020 Total</u>
Donor Directed Distributions	\$ -	\$ -	\$ 2,296,535	\$ 2,296,535	\$ 3,872,180
Grants	-	-	3,754,814	3,754,814	1,699,039
Reclassified to Agency Funds	-	-	47,045	47,045	-
Grants and Donor Directed Distributions	-	-	6,098,394	6,098,394	5,571,219
Less: Grants from Agency Funds	-	-	(140,416)	(140,416)	(195,291)
Net Grants and Donor Directed Distributions	-	-	5,957,978	5,957,978	5,375,928
Payroll and Benefits	206,005	182,180	59,612	447,797	408,518
Professional Fees	43,308	-	-	43,308	22,869
Design and Marketing	-	36,797	-	36,797	44,503
Software Maintenance	18,522	10,360	2,512	31,394	41,073
Occupancy	10,984	6,143	1,489	18,616	19,193
Accounting and Auditing	14,688	-	-	14,688	27,535
Website	-	14,575	-	14,575	6,023
Miscellaneous	11,816	-	-	11,816	592
Management Administrative Fees	9,254	-	-	9,254	17,317
Insurance	6,927	127	41	7,095	6,660
Dues and Subscriptions	2,645	4,049	-	6,694	4,353
Office Supplies and Postage	5,212	905	77	6,194	9,351
Telephone	1,964	1,518	266	3,748	3,750
Conferences and Training	1,213	795	-	2,008	1,194
Printing	303	-	-	303	4,010
Travel	-	190	-	190	2,546
Development Events	-	-	-	-	5,925
Total Expenses Before Depreciation	332,841	257,639	6,021,975	6,612,455	6,001,340
Depreciation	2,634	2,885	1,156	6,675	4,788
TOTAL FUNCTIONAL EXPENSES	\$ 335,475	\$ 260,524	\$ 6,023,131	\$ 6,619,130	\$ 6,006,128

See Independent Auditors' Report and Accompanying Notes to Financial Statements.

COMMUNITY FOUNDATION OF NORTH CENTRAL MASSACHUSETTS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020)

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2021</u>	<u>2020</u>
Changes in Net Assets	\$ 17,507,413	\$ (141,739)
Adjustments to Reconcile Changes in Net Assets to Net Cash Used in Operating Activities:		
Depreciation Expense	6,675	4,788
Contributions Restricted for Long-Term Investment	(3,833,623)	(3,295,888)
Interest and Dividends Restricted for Long-Term Investment	(1,459,329)	-
Realized Gain on Investments	(893,077)	(7,351)
Unrealized Loss (Gain) on Investments	(16,252,618)	2,571,140
PPP Loan Forgiveness	(75,257)	-
(Increase) Decrease in Operating Assets:		
Pledge Receivable	35,000	64,592
Other Receivables	(30,365)	(659)
Prepaid Expenses	(2,272)	2,562
Other Assets	(705,000)	-
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(96,530)	44,747
Grants Payable	(151,055)	330,386
Deferred Revenue	(65,901)	159,051
Undesignated Revenue	2,105	3,411
Agency Funds and Endowments	2,937,536	(167,532)
Net Cash Used In Operating Activities	<u>(3,076,299)</u>	<u>(432,492)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds From the Sale of Investments	10,332,281	9,284,830
Purchase of Investments	(13,046,625)	(12,323,276)
Purchase of Equipment	(4,871)	(8,734)
Net Cash Used In Investing Activities	<u>(2,719,215)</u>	<u>(3,047,180)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts of Contributions Restricted for Long-Term Investment	3,833,623	3,295,888
Receipts of Interest and Dividends Restricted for Long-Term Investment	1,459,329	-
Proceeds from Borrowing of Long-Term Debt	-	75,257
Net Cash Provided By Financing Activities	<u>5,292,952</u>	<u>3,371,145</u>
NET DECREASE IN CASH	(502,562)	(108,527)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,114,743	1,223,270
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 612,181</u>	<u>\$ 1,114,743</u>
SUPPLEMENTAL DISCLOSURES		
Cash Paid During the Year for Unrelated Business Income Tax	<u>\$ -</u>	<u>\$ 2,025</u>

See Independent Auditors' Report and Accompanying Notes to Financial Statements.

COMMUNITY FOUNDATION OF NORTH CENTRAL MASSACHUSETTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - The Community Foundation of North Central Massachusetts, Inc. (the Foundation) is a not-for-profit corporation organized March 21, 2001. The Foundation is a collection of charitable funds established by various donors to be utilized for the benefit of the overall community needs.

Basis of Accounting - The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation - Financial statement presentation follows the recommendations of the Financial Accounting Standards Boards in its Accounting Standards for Financial Statements of Not-For-Profit Organizations. Under these standards, the Foundation is required to report information regarding its financial position and activities according to two classifications of net assets required under ASU No. 2016-14 described as follows:

Accordingly, net assets of the Foundation and changes therein are reported in the following net asset categories:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the Board of Directors.

Net Assets With Donor Restrictions - Net assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature. Those restrictions will be met by the Foundation or by the passage of time. Other donor restrictions are perpetual in nature where by the donor has stipulated the funds be maintained in perpetuity. Donor restrictions are reported as increases in net assets and transferred to donor restrictions to net assets without donor restrictions, once the stipulations are met, in the statement of activities.

At June 30, 2021 and 2020, there were net assets without donor restrictions and net assets with donor restrictions.

COMMUNITY FOUNDATION OF NORTH CENTRAL MASSACHUSETTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Summarized Information - The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Cash and Cash Equivalents - For purposes of the Statement of Cash Flows, the Foundation considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

Investments - Investments in equity securities with readily determinable fair values and all debt securities are recorded at fair value. In accordance with the Foundation's interpretation of relevant laws, gains or losses on investments are reported in the statement of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

State law has been interpreted to require that, unless explicitly stated otherwise by the donor, realized and unrealized appreciation in net assets with donor restrictions should be classified in the net asset with donor restriction classification until appropriated for use by the governing Board. Accordingly, based on the terms of the underlying gift instruments, net investment gains and losses on endowment funds of the Foundation are classified as donor restricted.

The Foundation's spending rule for grant distributions on donor restricted endowments is 4.5% of market value, averaged over twenty trailing quarters.

The Foundation has adopted an investment policy for endowment assets that include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, as approved by the board of directors, the primary long-term objective is to preserve and grow the principal value of the endowment investment portfolio to provide a dependable source of revenue for charitable distribution and expenses.

To satisfy its investment objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that includes equities, fixed income, and real property investments within prudent risk constraints.

COMMUNITY FOUNDATION OF NORTH CENTRAL MASSACHUSETTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledge Receivable - The Foundation carries its accounts receivable at the amount management expects to collect from outstanding balances. On a periodic basis, the Foundation evaluates pledge receivables and determines an allowance for doubtful accounts based on its past write-offs and collections. There was no allowance recorded for the years ended June 30, 2021 and 2020.

Property and Equipment - The Foundation follows the practice of capitalizing as property and equipment expenditures of \$500 or greater. Property and equipment are carried at cost or at fair value as of the date of donation. Depreciation is computed using the straight-line method for financial reporting over the estimated useful life of the asset.

At the time of retirement or disposal of property and equipment, the cost and the related accumulated depreciation are deducted from the respective fixed asset and accumulated depreciation accounts and any gain or loss is included in income. Expenditures for maintenance, repairs and minor renewals and replacements are charged to expense when incurred. Improvements and major renewals and replacements are capitalized.

Distributions - The Foundation recognized distributions expense at the time the grant is approved and any conditions are met. The Foundation awarded distributions totaling \$5,957,978 and \$5,375,928, net of agency distributions of \$140,416 and \$195,291, during the years ended June 30, 2021 and 2020, respectively. Grants distributions payable were \$334,035 and \$485,090 at June 30, 2021 and 2020, respectively.

Gifts and Donations - Gifts and donations received or unconditional pledges are recorded as net assets without restrictions or net assets with donor restrictions depending on the nature and donor provisions of the gift or donation provided. Gifts and donations may include actual gifts or promises to give. Such donations are considered to be available for use without donor promises to give. Such donations are considered to be available for use without donor restrictions unless specifically restricted by the donor or grantor. Donations of assets other than cash is recorded at their fair value on the date of the gift. Restricted gifts or promises to give are required to be reported as restricted support in the period received and are reclassified without donor restriction upon satisfaction of the donor restriction.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expires in the reporting period in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions.

COMMUNITY FOUNDATION OF NORTH CENTRAL MASSACHUSETTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Foundation receives services donated by volunteers in carrying out the Foundation's fundraising activities. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under FASB ASC 958-605-25, Contributed Services.

Functional Allocation of Expenses - The statement of functional expenses reflect costs attributable to program and supporting functions. Management administration is allocated based upon staff functions. Non-personal costs are charged directly to specific functions where possible, or are distributed based upon management administration allocations.

Income Taxes - The Foundation is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Therefore, no provision has been made for federal or state income taxes in the accompanying financial statements. There are no uncertain income tax provisions and tax returns remain subject to examination by major tax jurisdictions for the standard three year statute of limitations.

The Foundation is generally exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income derived from activities unrelated to the Foundation's exempt function is taxable under the Internal Revenue Code. For the years ended June 30, 2021 and 2020, the Foundation had \$0 and \$1,226, respectively, of unrelated business tax.

New Accounting Pronouncement - In June 2018, FASB issued ASU 2018-08, Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made, with the stated purpose of providing guidance in evaluating whether transactions should be accounted for as contributions or exchanges. In addition, the update introduces the concept of barriers in providing additional guidance on identifying conditions that would preclude the recognition of a contribution as revenue. When any contribution is received, the Organization must determine whether the transaction is an exchange or contribution, identify and donor-imposed conditions or restrictions regarding its use, distinguish between barriers and donor-imposed restrictions, and conclude that all conditions are resolved prior to recognizing the contribution as revenue. The ASU has been applied retrospectively to all periods presented.

For the year ended June 30, 2021 and 2020, no contributions received were determined to be exchange transactions. The Foundation did identify grants containing barriers to overcome prior to recognizing grants as revenue. The Foundation had \$93,150 and \$159,051 in deferred revenue at June 30, 2021 and 2020, respectively.

COMMUNITY FOUNDATION OF NORTH CENTRAL MASSACHUSETTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Endowment - The Foundation's endowment consists of donor restricted funds established to support general operations. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed or legal restrictions.

The endowment assets are invested in the Long Term Fund of the Community Foundation of North Central Massachusetts. The Foundation expects its endowment assets will provide a spendable annual return consistent with a long-term goal of preserving the funds in real terms. Actual returns in any given year may vary.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

Reclassifications - Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

NOTE 2 - SHORT-TERM INVESTMENTS

Short-term investments consist of money market accounts, short-term stock holdings and bond mutual funds.

Short-term investments as of June 30, 2021 consist of the following:

	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Gain</u>
<u>June 30, 2021</u>			
Money Markets, Short-Term Stock Holdings, Mutual Funds	<u>\$ 6,797,045</u>	<u>\$ 6,828,843</u>	<u>\$ 31,798</u>

Short-term investments as of June 30, 2020 consist of the following:

	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Gain</u>
<u>June 30, 2020</u>			
Money Markets, Short-Term Stock Holdings, Mutual Funds	<u>\$ 2,816,156</u>	<u>\$ 2,831,508</u>	<u>\$ 15,352</u>

COMMUNITY FOUNDATION OF NORTH CENTRAL MASSACHUSETTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 3 - PLEDGE RECEIVABLE

Unconditional promises to give at June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Receivable in Less Than One Year	\$ 32,889	\$ 46,889
Receivable in One to Five Years	<u>-</u>	<u>21,000</u>
Total Unconditional Promises to Give	32,889	67,889
Less: Discounts to Net Present Value	<u>(2,082)</u>	<u>(2,082)</u>
Net Unconditional Contributions Receivable	<u>\$ 30,807</u>	<u>\$ 65,807</u>

NOTE 4 - LONG-TERM INVESTMENTS

Long-term investments in debt and equity securities are carried at fair value when readily determinable.

Long-term investments as of June 30, 2021 consist of the following:

	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Gain</u>
<u>June 30, 2021</u>			
Mutual Funds	<u>\$ 45,969,212</u>	<u>\$ 68,955,721</u>	<u>\$ 22,986,509</u>

Long-term investments as of June 30, 2020 consist of the following:

	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Gain</u>
<u>June 30, 2020</u>			
Mutual Funds	<u>\$ 48,916,339</u>	<u>\$ 53,093,017</u>	<u>\$ 4,176,678</u>

NOTE 5 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The Financial Accounting Standards Board standard on Fair Value Measurements establishes a valuation hierarchy for disclosure of the inputs to valuation used to measure fair value. The following methods and assumptions were used in estimating the fair value disclosures for financial instruments:

COMMUNITY FOUNDATION OF NORTH CENTRAL MASSACHUSETTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 5 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Determination of Fair Value - the Foundation uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. The fair value of a financial instrument 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. Fair value is best determined based on quoted market prices. However, in some instances, there may be no quoted market prices for the Foundation's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

Fair Value Hierarchy - the Foundation groups its financial assets and financial liabilities generally measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

Level 1: Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Valuation is based on 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 for substantially the full term of the assets or liabilities.

Level 3: Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Cash - Investment includes all cash accounts held by investment managers which are valued using level 1 inputs.

COMMUNITY FOUNDATION OF NORTH CENTRAL MASSACHUSETTS, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 5 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Fair value assets measured on a recurring basis as of June 30, 2021 are as follows:

	Total Fair Value at	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Un- Observable Inputs (Level 3)
<u>June 30, 2021</u>				
Cash and Cash Equivalents	\$ 612,181	\$ 612,181	\$ -	\$ -
Short-Term Investments				
Mutual Funds	\$ 6,828,843	\$ 6,828,843	\$ -	\$ -
Long-Term Investments				
Mutual Funds	\$ 68,955,721	\$ 68,955,721	\$ -	\$ -

Fair value assets measured on a recurring basis as of June 30, 2020 are as follows:

	Total Fair Value at	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Un- Observable Inputs (Level 3)
<u>June 30, 2020</u>				
Cash and Cash Equivalents	\$ 1,114,743	\$ 1,114,743	\$ -	\$ -
Short-Term Investments				
Mutual Funds	\$ 2,831,508	\$ 2,831,508	\$ -	\$ -
Long-Term Investments				
Mutual Funds	\$ 53,093,017	\$ 53,093,017	\$ -	\$ -

NOTE 6 - INVESTMENTS

Total investment returns consist of the following for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest and Dividends	\$ 1,626,357	\$ 1,871,062
Realized Gains	893,076	180,102
Investment Fees	(106,186)	(97,254)
Unrealized Gains (Losses)	17,971,804	(3,038,812)
Total Investment Return	<u>\$ 20,385,051</u>	<u>\$ (1,084,902)</u>

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NOTES TO FINANCIAL STATEMENTS
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NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

		<u>2021</u>	<u>2020</u>
	<u>Useful Lives</u>		
Computers and Software	3 - 5 years	\$ 71,504	\$ 66,633
Website	5 years	32,000	32,000
		103,504	98,633
Less: Accumulated Depreciation		(91,756)	(85,081)
Property and Equipment, Net		<u>\$ 11,748</u>	<u>\$ 13,552</u>

Depreciation expense for property and equipment was \$6,675 and \$4,788 for the years ended June 30, 2021 and 2020, respectively.

NOTE 8 - AGENCY FUNDS AND ENDOWMENTS

Certain funds the Foundation holds and invests for other not-for-profit organizations are treated as a liability on the statement of financial position since the funds are held by the Foundation for investing on the Foundation's behalf. The income, expense, realized and unrealized gains and losses are not included in the statement of activities as they are reported in the individual organization's financial statements. The Foundation received agency fund contributions of \$1,220,167 and \$167,949 and distributed \$140,416 and \$195,291 during the years ended June 30, 2021 and 2020, respectively.

NOTE 9 - NET ASSETS

Without Donor Restrictions

Net assets without donor restrictions are those net resources that bear no external restriction and are generally available for use by the Foundation. The Foundation had \$3,524,193 and \$2,091,720 in net assets without donor restrictions at June 30, 2021 and 2020, respectively.

With Donor Restrictions

Net assets with donor restrictions include restrictions accumulated through contributions and other inflows of assets with donor-imposed restrictions that either expire with the passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those restrictions. Such resources will be without donor restrictions when the requirements of the donor have been satisfied through expenditure for the specific program or through the passage of time. When donor restrictions have been met, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the Statements of Activities as net assets released from restrictions.

COMMUNITY FOUNDATION OF NORTH CENTRAL MASSACHUSETTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 9 - NET ASSETS (Continued)

Net assets with donor restrictions are comprised of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Restricted for Particular Purposes	\$ 48,758,271	\$ 35,567,367
Scholarships	7,817,349	5,593,913
Subject to Expenditure with Donor Advice	6,788,472	6,186,094
Fiscal Sponsors	<u>1,367,548</u>	<u>1,309,326</u>
Total	<u>\$ 64,731,640</u>	<u>\$ 48,656,700</u>

The Foundation follows the criteria for 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 (UPMIFA), and Enhanced Disclosures for All Endowment Funds. Only a portion of the Foundation's investment portfolio is considered to be endowment assets.

Changes in endowment net assets by class as of June 30, 2020 are as follows:

Endowment Net Assets, June 30, 2019	\$ 44,077,196
Total Investment Return	(860,591)
Gifts and Donations	3,106,476
Released from Restriction for Distributions and Administrative Fees	<u>(2,444,144)</u>
Endowment Net Assets, June 30, 2020	<u>\$ 43,878,937</u>

Changes in endowment net assets by class as of June 30, 2021 are as follows:

Total Investment Return	16,906,633
Gifts and Donations	1,568,034
Released from Restriction for Distributions and Administrative Fees	<u>(2,240,810)</u>
Endowment Net Assets, June 30, 2021	<u>\$ 60,112,794</u>

COMMUNITY FOUNDATION OF NORTH CENTRAL MASSACHUSETTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 9 - NET ASSETS (Continued)

From time-to-time, the fair market value of assets associated with individual donor-restricted endowment funds intended for perpetual duration may fall below the original gift value. As of June 30, 2021 and 2020, there were no deficiencies of this nature, and the values exceeded the amount of the original gifts.

Appreciation of funds of this nature are comprised of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Current Fair Market Value	\$ 60,112,794	\$ 43,878,937
Original Gift	<u>39,399,377</u>	<u>35,261,744</u>
Appreciation	<u><u>\$ 20,713,417</u></u>	<u><u>\$ 8,617,193</u></u>

NOTE 10 - ADMINISTRATIVE FEE REVENUE

The Foundation charges an annual administrative fee not to exceed 1.25% or \$250, whichever is greater, to the individual funds based upon the market value of the fund, except for fiscal sponsor funds. Fiscal sponsor funds are charged a 1% administrative fee based upon the market value, plus an additional 4% surcharge on incoming contributions and outgoing distributions.

NOTE 11 - ADMINISTRATIVE SERVICES

The Foundation has a management contract with the United Way of North Central Massachusetts, Inc. to provide administrative and program services for employees who work jointly for both organizations. This agreement was modified as of July 1, 2019. The Foundation now employs its own full-time President and the majority of its staff instead of contracting all of its employees with the United Way of North Central Massachusetts, Inc. for these management services. The Foundation continues to contract with the United Way of North Central Massachusetts, Inc. for a small portion of administrative services and for office facilities.

NOTE 12 - CONCENTRATION OF CREDIT RISK

The Foundation maintains cash accounts at a financial institution in Massachusetts, which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash balances.

COMMUNITY FOUNDATION OF NORTH CENTRAL MASSACHUSETTS, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 13 - RELATED PARTY TRANSACTIONS

The Community Foundation of North Central Massachusetts, Inc. and the United Way of North Central Massachusetts, Inc. share office space and both organizations were managed by the same office manager. The management fees for the Community Foundation of North Central Massachusetts, Inc. are reported and paid by the United Way of North Central Massachusetts, Inc. The Foundation reimburses for these costs on a monthly basis.

	<u>2021</u>	<u>2020</u>
Management Fees	\$ 9,254	\$ 17,317
Common Fees and Other Expenses	<u>26,128</u>	<u>33,108</u>
	<u>\$ 35,382</u>	<u>\$ 50,425</u>
Accounts Payable to the United Way of North Central Massachusetts, Inc.	<u>\$ -</u>	<u>\$ 5,452</u>

Distributions made from various donor advised and endowment funds to the United Way of North Central Massachusetts were \$1,575,435 and \$1,247,724 for years ended June 30, 2021 and 2020, respectively.

The Community Foundation of North Central Massachusetts Supporting Organization Foundation is a related party not-for-profit foundation that shares officers with the Community Foundation of North Central Massachusetts, Inc. The supporting foundation's primary purpose is to promote charitable giving through the acceptance of real estate and other hard to value assets for the benefit and support of the Community Foundation of North Central Massachusetts, Inc.

NOTE 14 - AVAILABLE RESOURCES AND LIQUIDITY

The Foundation's financial assets available within one year of the balance sheet date for general expenditures are as follows:

	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 612,181	\$ 1,114,743
Short-Term Investments	<u>6,828,843</u>	<u>2,831,508</u>
Total	<u>\$ 7,441,024</u>	<u>\$ 3,946,251</u>

As part of the Foundation'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 Foundation invests cash in excess of daily requirements in short-term investments.

COMMUNITY FOUNDATION OF NORTH CENTRAL MASSACHUSETTS, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 15 - SUBSEQUENT EVENTS

In preparing the financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through September 16, 2021, the date the financial statements were available to be issued.

The Foundation received a donation during the year ended June 30, 2021 to build an addition to the building owned by the United Way of North Central Massachusetts, Inc. for the purpose of providing the Foundation with it's own separate space to operate from. The addition was completed during the year ended June 30, 2021, costing \$705,000, and is recorded as a real estate investment on the balance sheet. The building, including the addition, was intended to be transferred to a newly formed qualified subsidiary which would be tax exempt under IRC 501(c)(25). The qualified subsidiary is to be owned in equal part by the Foundation and the United Way of North Central Massachusetts, Inc. On September 2, 2021 the Foundation received a determination letter from the IRS granting tax exempt status for the qualified subsidiary, effective January 27, 2021. The \$705,000 asset will be transferred to the the subsidiary following receipt of the determination letter. The Foundation is unable to determine any further impact to the financial statements at this time.

The Foundation is not aware of any other subsequent events that would require recognition or disclosure in the financial statements through September 16, 2021, the date the financial statements were available to be issued.