



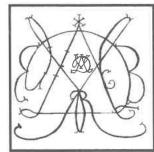
COMMUNITY FOUNDATION OF NORTH CENTRAL MASSACHUSETTS, INC.

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

YEAR ENDED JUNE 30, 2025

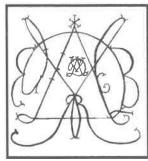


COMMUNITY FOUNDATION OF NORTH CENTRAL MASSACHUSETTS, INC.

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Community Foundation of North Central Massachusetts, Inc. (the "Foundation") which comprise the statement of financial position as of June 30, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Community Foundation of North Central Massachusetts, Inc. as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the 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 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 Foundation's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation'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 Foundation'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.

Report on Summarized Comparative Information

We have previously audited the Foundation's June 30, 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 8, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.



*Robert Alario, CPA
President*

Alario & Associates, Certified Public Accountants, P.C.
Leominster, MA
October 23, 2025

COMMUNITY FOUNDATION OF NORTH CENTRAL MASSACHUSETTS, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025
(With Summarized Comparative Information for 2024)

ASSETS

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and Cash Equivalents	\$ 978,015	\$ 103,746
Pledges Receivable, Net	228,302	292,231
Prepaid Expenses	32,647	3,931
Investments	93,427,027	78,551,728
Investment In Non-Profit Center	649,105	667,293
Property and Equipment, Net	6,607	8,482
Operating Right of Use Asset	-	1,871
 Total Assets	 <u>\$ 95,321,703</u>	 <u>\$ 79,629,282</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable and Accrued Expenses	\$ 129,388	\$ 318,856
Operating Lease Liability	-	1,871
Agency Funds	<u>9,743,750</u>	<u>7,281,371</u>
 Total Liabilities	 <u>9,873,138</u>	 <u>7,602,098</u>

NET ASSETS

Net Assets Without Donor Restrictions	3,767,012	3,593,599
Net Assets With Donor Restrictions	<u>81,681,553</u>	<u>68,433,585</u>
 Total Net Assets	 <u>85,448,565</u>	 <u>72,027,184</u>
 Total Liabilities and Net Assets	 <u>\$ 95,321,703</u>	 <u>\$ 79,629,282</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

COMMUNITY FOUNDATION OF NORTH CENTRAL MASSACHUSETTS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025
(With Summarized Comparative Information for 2024)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2025 Total</u>	<u>2024 Total</u>
REVENUE AND OTHER SUPPORT				
Total Investment Return, Net	\$ 1,217,119	\$ 8,173,405	\$ 9,390,524	\$ 8,332,619
Less: Investment Return for Agency Funds	<u>(946,195)</u>	<u>-</u>	<u>(946,195)</u>	<u>(790,828)</u>
Net Investment Return	<u>270,924</u>	<u>8,173,405</u>	<u>8,444,329</u>	<u>7,541,791</u>
Total Gifts and Donations	1,919,823	11,021,210	12,941,033	5,525,878
Less: Gifts and Donations for Agency Funds	<u>(1,888,556)</u>	<u>-</u>	<u>(1,888,556)</u>	<u>(148,752)</u>
Net Gifts and Donations	<u>31,267</u>	<u>11,021,210</u>	<u>11,052,477</u>	<u>5,377,126</u>
Administrative Fees for Agency Funds	82,702	-	82,702	69,066
Special Events, Net	-	131,871	131,871	<u>(29,870)</u>
Other Revenues	18,208	1,025	19,233	46,198
Net Assets Released for Administrative Fees	732,688	<u>(732,688)</u>	-	-
Net Assets Released for Operations	48,812	<u>(48,812)</u>	-	-
Net Assets Released for Distributions	<u>5,298,043</u>	<u>(5,298,043)</u>	-	-
Net Other Support	<u>6,180,453</u>	<u>(5,946,647)</u>	<u>233,806</u>	<u>85,394</u>
Total Revenue and Other Support	<u>6,482,644</u>	<u>13,247,968</u>	<u>19,730,612</u>	<u>13,004,311</u>
EXPENSES				
Net Grants and Distributions	<u>5,404,904</u>	-	<u>5,404,904</u>	<u>5,226,458</u>
Operating Expenses:				
Grantmaking and Community Leadership	115,930	-	115,930	116,866
General and Administrative	470,151	-	470,151	438,259
Donor Services and Development	<u>300,059</u>	-	<u>300,059</u>	<u>302,261</u>
Total Operating Expenses	<u>886,140</u>	-	<u>886,140</u>	<u>857,386</u>
Total Expenses	<u>6,291,044</u>	-	<u>6,291,044</u>	<u>6,083,844</u>
OTHER EXPENSES				
Loss on Investment in Non-Profit Center	<u>(18,187)</u>	-	<u>(18,187)</u>	<u>(17,937)</u>
Change in Net Assets	173,413	13,247,968	13,421,381	6,902,530
Net Assets, Beginning of Year	<u>3,593,599</u>	<u>68,433,585</u>	<u>72,027,184</u>	<u>65,124,654</u>
Net Assets, End of Year	<u>\$ 3,767,012</u>	<u>\$ 81,681,553</u>	<u>\$ 85,448,565</u>	<u>\$ 72,027,184</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

COMMUNITY FOUNDATION OF NORTH CENTRAL MASSACHUSETTS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2025
(With Summarized Comparative Information for 2024)

	<u>Grantmaking and Community Leadership</u>	<u>General and Administrative</u>	<u>Donor Services and Development</u>	<u>2025 Total</u>	<u>2024 Total</u>
Grants and Distributions	\$ 5,694,223	\$ -	\$ -	\$ 5,694,223	\$ 5,516,169
Less: Grants and Distributions from Agency Funds	289,319	-	-	289,319	289,711
Net Grants and Distributions	<u>5,404,904</u>	<u>-</u>	<u>-</u>	<u>5,404,904</u>	<u>5,226,458</u>
OPERATING EXPENSES					
Salaries and Wages	72,373	241,243	168,871	482,487	483,416
Payroll Taxes and Benefits	14,761	49,203	34,443	98,407	116,398
Accounting and Auditing	-	78,829	-	78,829	56,550
Design and Marketing	7,444	17,368	24,811	49,623	15,896
Occupancy	3,243	21,892	15,405	40,540	34,651
Software Maintenance	3,158	18,891	13,031	35,080	43,556
Miscellaneous	10,683	1,397	7,849	19,929	22,105
Conferences and Training	1,000	2,366	8,267	11,633	4,677
Insurance	-	10,907	-	10,907	8,641
Website	1,524	3,555	5,078	10,157	8,388
Office Supplies and Postage	621	4,581	2,562	7,764	3,498
Dues and Subscriptions	-	2,296	5,358	7,654	7,494
Development Events	-	-	6,761	6,761	13,557
Telephone	518	3,817	2,134	6,469	5,788
Professional Fees	-	5,088	-	5,088	9,324
Management Administrative Fees	-	4,792	-	4,792	8,423
Depreciation	605	1,344	1,412	3,361	3,426
Leased Equipment	-	2,582	-	2,582	3,823
Travel	-	-	2,456	2,456	3,864
Printing	-	-	1,621	1,621	3,911
Total Operating Expenses	<u>115,930</u>	<u>470,151</u>	<u>300,059</u>	<u>886,140</u>	<u>857,386</u>
Total Expenses	<u>\$ 5,520,834</u>	<u>\$ 470,151</u>	<u>\$ 300,059</u>	<u>\$ 6,291,044</u>	<u>\$ 6,083,844</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

COMMUNITY FOUNDATION OF NORTH CENTRAL MASSACHUSETTS, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2025
(With Summarized Comparative Information for 2024)

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2025</u>	<u>2024</u>
Changes in Net Assets	\$ 13,421,381	\$ 6,902,530
Adjustments to Reconcile Changes in Net Assets to Net Cash Used in Operating Activities:		
Depreciation Expense	3,361	3,426
Amortization of Operating Right of Use Asset	1,871	1,853
Loss on Non-Profit Center	18,187	17,937
Donations to be Held in Perpetuity	(8,676,470)	(2,675,870)
Gains on Investments	(6,887,344)	(5,986,895)
(Accrual) Decrease in Operating Assets and Liabilities:		
Pledges Receivable	63,929	(252,231)
Other Receivables	-	231,487
Prepaid Expenses	(28,716)	23,136
Accounts Payable and Accrued Expenses	(189,468)	77,273
Deferred Revenue	-	(101,568)
Operating Lease Liability	(1,871)	(1,853)
Agency Funds and Endowments	2,462,379	580,803
Net Cash Used In Operating Activities	<u>187,239</u>	<u>(1,179,972)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the Sale of Investments	4,648,487	3,807,296
Purchases of Investments	(12,636,441)	(5,273,134)
Purchases of Property and Equipment	<u>(1,486)</u>	<u>(2,498)</u>
Net Cash Used In Investing Activities	<u>(7,989,440)</u>	<u>(1,468,336)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Donations to be Held in Perpetuity	<u>8,676,470</u>	<u>2,675,870</u>
Net Cash Provided By Financing Activities	<u>8,676,470</u>	<u>2,675,870</u>
Net Change in Cash	874,269	27,562
Cash and Cash Equivalents, Beginning of Year	<u>103,746</u>	<u>76,184</u>
Cash and Cash Equivalents, End of Year	<u>\$ 978,015</u>	<u>\$ 103,746</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

COMMUNITY FOUNDATION OF NORTH CENTRAL MASSACHUSETTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – DESCRIPTION OF THE FOUNDATION

Community Foundation of North Central Massachusetts, Inc. (the “Foundation”) is a not-for-profit 501(c)(3) organization established in 2001 as a community foundation to manage and distribute charitable funds established by individuals, families, businesses and other non-profit organizations. The mission of the Foundation is to improve the quality of life in North Central Massachusetts by providing donors with a convenient, effective and informed platform from which to engage in philanthropy; conduct impactful grant-making informed by measureable results; and convene stakeholders around issues of importance to the residents of the region.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The financial statements of Community Foundation of North Central Massachusetts, Inc. have been prepared in accordance with generally accepted accounting principles promulgated in the United States of America (“U.S. GAAP”) for not-for-profit entities, which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

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. The Board of Directors has designated from net assets without donor restrictions, net assets with the intent to be held as endowment funds.

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.

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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation’s financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Cash and Cash Equivalents – Cash consists of available funds on deposit at financial institutions. The Foundation considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. The Foundation maintains accounts at various financial institutions which, at times, may exceed federally insured limits. The Foundation has not experienced, nor anticipates, any losses with respect to such amounts.

COMMUNITY FOUNDATION OF NORTH CENTRAL MASSACHUSETTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledges Receivable – Pledges receivable are unconditional promises to give and are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Conditional promises to give are not included as support until the conditions are met.

Investments and Endowments – Investments are reported at fair value. Net investment return is reported in the statement of activities as increases or decreases in net assets without donor restriction unless its 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 donor restricted investments, including donor restricted endowments, should be classified as net assets with donor restrictions until appropriated for use by the governing board. Accordingly, based on the terms of the underlying gifts, net investment gains and losses on donor restricted investments, including donor restricted endowments, are classified as donor restricted.

The Foundation has adopted an investment policy, as approved by the Board of Directors, for investments, including endowments, which provide for three distinct and separate strategies available to donors and agencies in order to accommodate differing missions and objectives: the Short, Medium and Long Term Funds. To satisfy its investment objectives, the Foundation relies on different strategies for each Fund in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends).

Investment securities are exposed to various interest rate, market and credit risks. The Foundation seeks to minimize these risks by targeting a diversified asset allocation that includes mutual funds (equity and fixed income), ETFs and equity securities.

In accordance with the Uniform Prudent Management of Institutional Funds Act, the Foundation may consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: the duration and preservation of the fund; the purposes of the Foundation and the donor-restricted endowment fund; general economic conditions; the possible effect of inflation and deflation; the expected total return from income and the appreciation of investments; other resources of the Foundation and the investment policies of the Foundation.

The Foundation has adopted a spending policy for endowment funds of 4.5% of the fund's average market value over the prior 20 quarters.

Distributions – The Foundation recognizes distribution expenses at the time grants are approved and any conditions are met. All grants are ratified by the Board.

COMMUNITY FOUNDATION OF NORTH CENTRAL MASSACHUSETTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment, Net – Property and equipment are carried at cost, or if donated, at the fair value at the date of the donation. The Foundation capitalizes property and equipment expenditures of \$1,000 or more. Depreciation is computed using the estimated useful lives of the respective assets using the straight-line method. Repairs and maintenance expenses that do not improve the useful life of the asset are expensed as incurred.

Agency Funds – FASB ASC 958-605 requires transfers from an agency that specifies itself as the beneficiary to be accounted for as a liability, rather than as a contribution. As such, all agency fund activity is reflected in the Agency Funds liability account in the statement of financial position and has not been recognized as part of the Foundation's change in net assets.

Revenue Recognition – Contributions consist of unconditional gifts and promises to give. Unconditional promises to give and gifts are recognized when received. These amounts are recorded as an increase to net assets without donor restrictions unless the use of the assets are purpose or time restricted by the donor. Amounts received that are purpose or time restricted are recorded as an increase to net assets with donor restrictions when received. Conditional contributions are not recognized until conditions on which they depend are satisfied.

The Foundation charges administrative fees between 0.25% and 1.25% of the market value of the fund, depending on the type and size of the fund. The Foundation's minimum annual administrative fee is \$250.

Functional Allocation of Expenses – The cost of providing programs and activities have been summarized on a functional basis in the Statement of Functional Expenses. Expenses specific to grantmaking and community leadership, general and administrative or donor services and development are charged directly to that function. Certain costs common to multiple functions include salaries and wages and related expenses, software maintenance and occupancy and are allocated using a reasonable and consistent method.

Supporting services are those related to operating and managing the Foundation and its programs on a day-to-day basis. Supporting services have been sub-classified as follows:

General and Administrative – Includes all activities related to the Foundation's internal management and accounting functions.

Donor Services and Development – Includes all activities related to maintaining donor information, writing grant proposals, costs of special events, distribution of materials and other similar projects related to the procurement of funds for the Foundation's programs. These costs are expensed as incurred.

COMMUNITY FOUNDATION OF NORTH CENTRAL MASSACHUSETTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses (Continued) – Advertising costs are expensed as incurred and totaled \$49,623 and \$15,896 for the years ended June 30, 2025 and 2024, respectively and are presented as *Design and Marketing* expenses within the Statement of Functional Expenses.

Income Tax Status – 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.

Reclassifications – Certain amounts in the prior year financial statements have been reclassified to conform to the presentation in the current year financial statements. The reclassifications did not have an effect on prior reported changes in net assets.

NOTE 3 – PLEDGES RECEIVABLE

Pledges receivable consists of the following as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Due within one year	\$ 94,173	\$ 92,936
Due in two to five years	<u>142,850</u>	<u>208,016</u>
Pledges Receivable, Gross	237,023	300,952
Less: Discount on pledges	<u>8,721</u>	<u>8,721</u>
Pledges Receivable, Net	<u>\$ 228,302</u>	<u>\$ 292,231</u>

As of June 30, 2025, approximately 74% of pledges receivable consisted of promises to give from three donors. As of June 30, 2024, 67%, of pledges receivable consisted of a promise to give from three donors.

NOTE 4 – FAIR VALUE MEASUREMENTS

Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Foundation reports fair value measurements of its assets using a three-level hierarchy that prioritizes inputs used to measure fair value. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

COMMUNITY FOUNDATION OF NORTH CENTRAL MASSACHUSETTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 – FAIR VALUE MEASUREMENTS (Continued)

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

Level 2 – Observable inputs that are based on inputs not quoted in active markets, but corroborated by market data.

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

The primary uses of fair value measurements in the Foundation's financial statements are the recognition of noncash gifts and recurring measurements of investments.

Assets that are measured at fair value on a recurring basis using the fair value hierarchy at June 30, 2025 were as follows:

	<u>Level 1</u>	<u>Total</u>
Brokerage Cash	\$ 98,359	\$ 98,359
Mutual Funds	74,183,866	74,183,866
ETFs	18,677,578	18,677,578
Equities	<u>467,224</u>	<u>467,224</u>
 Total assets at fair value	 <u>\$ 93,427,027</u>	 <u>\$ 93,427,027</u>

Assets that are measured at fair value on a recurring basis using the fair value hierarchy at June 30, 2024 were as follows:

	<u>Level 1</u>	<u>Total</u>
Brokerage Cash	\$ 112,486	\$ 112,486
Mutual Funds	61,650,666	61,650,666
ETFs	16,100,442	16,100,442
Equities	<u>688,134</u>	<u>688,134</u>
 Total assets at fair value	 <u>\$ 78,551,728</u>	 <u>\$ 78,551,728</u>

All fair value measurements of assets were considered level 1 as of June 30, 2025 and 2024. No liabilities were measured using fair value as of June 30, 2025 and 2024.

COMMUNITY FOUNDATION OF NORTH CENTRAL MASSACHUSETTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 – FAIR VALUE MEASUREMENTS (Continued)

Investment return consisted of the following for the years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Interest and Dividend Income	\$ 2,402,804	\$ 2,220,811
Net Realized and Unrealized Gains	6,171,316	5,425,613
Investment Fees	<u>(129,791)</u>	<u>(104,633)</u>
Investment Return, Net	<u><u>\$ 8,444,329</u></u>	<u><u>\$ 7,541,791</u></u>

NOTE 5 – INVESTMENT IN NON-PROFIT CENTER

In November 2021, the Foundation entered into a joint venture arrangement with the United Way of North Central Massachusetts, Inc. to form a 501(c)(25) organization called the Non-Profit Center of North Central Massachusetts, Inc. The Center was formed with the purpose of holding title to the real estate that both the Community Foundation and United Way operate out of. Upon formation, the Foundation transferred property and equipment in return for a 50% interest in the Non-Profit Center. The investment is accounted for using the equity method, with the Foundation's proportionate share of the Non-Profit Center's net income or loss being recorded as an increase or decrease to net assets without donor restrictions for each reporting period.

The Non-Profit Center collects rent from the Foundation to cover occupancy costs such as real estate taxes, utilities and repairs and maintenance. Rent expense paid to the Non-Profit Center was \$40,540 and \$34,651 for the years ended June 30, 2025 and 2024, respectively.

For the years ended June 30, 2025 and June 30, 2024, the Foundation's share of assets, liabilities, net assets, revenues and expenses of the Non-Profit Center was as follows:

	<u>2025</u>	<u>2024</u>
Assets	\$ 630,097	\$ 647,497
Less: Liabilities	1,047	978
Net Assets	<u>\$ 629,050</u>	<u>\$ 646,519</u>
Revenues	40,540	35,721
Less: Expenses	58,727	53,658
Net Loss	<u>\$ (18,187)</u>	<u>\$ (17,937)</u>

COMMUNITY FOUNDATION OF NORTH CENTRAL MASSACHUSETTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6 – PROPERTY AND EQUIPMENT

Property and Equipment consists of the following as of June 30, 2025 and 2024:

	<u>Estimated Useful Lives</u>	<u>2025</u>	<u>2024</u>
Computer Equipment and Software	3 - 5 years	\$ 80,944	\$ 79,670
Website	5 years	<u>32,000</u>	<u>32,000</u>
		112,994	111,670
Less: Accumulated Depreciation		<u>106,387</u>	<u>103,188</u>
Property and Equipment, Net		<u>\$ 6,607</u>	<u>\$ 8,482</u>

Depreciation expense for the years ended June 30, 2025 and 2024 was \$3,361 and \$3,426, respectively.

NOTE 7 – AGENCY FUNDS

Changes in agency funds for the years ended June 30, 2025 and 2024 were:

	<u>2025</u>	<u>2024</u>
Agency Funds, Beginning	<u>\$ 7,281,371</u>	<u>\$ 6,700,568</u>
Contributions	1,888,557	148,752
Investment Return, Net	<u>946,195</u>	<u>790,828</u>
Total Additions	<u>2,834,752</u>	<u>939,580</u>
Less:		
Distributions	(289,319)	(289,711)
Administrative Fees	<u>(83,054)</u>	<u>(69,066)</u>
Total Subtractions	<u>(372,373)</u>	<u>(358,777)</u>
Agency Funds, Ending	<u>\$ 9,743,750</u>	<u>\$ 7,281,371</u>

COMMUNITY FOUNDATION OF NORTH CENTRAL MASSACHUSETTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 – NET ASSETS AND ENDOWMENT FUNDS

At June 30, 2025 and June 30, 2024, net assets without donor restrictions consisted of the following:

	<u>2025</u>	<u>2024</u>
Endowment Funds	\$ 2,758,213	\$ 2,573,990
Operating Fund	248,911	250,116
Investment in Non-Profit Center	649,105	667,293
Other Undesignated Funds	<u>110,783</u>	<u>102,200</u>
 Total Net Assets Without Donor Restrictions	 <u>\$ 3,767,012</u>	 <u>\$ 3,593,599</u>

At June 30, 2025 and June 30, 2024, net assets with donor restrictions consisted of the following:

	<u>2025</u>	<u>2024</u>
 Purpose Restricted Net Assets:		
Designated	\$ 1,034,156	\$ 614,176
Donor Advised Funds	4,911,062	5,250,260
Field of Interest	2,526	1,897
Fiscal Sponsor	1,109,226	964,350
Scholarships	<u>536,811</u>	<u>729,317</u>
 Total Purpose Restricted Net Assets	 <u>7,593,781</u>	 <u>7,560,000</u>
 Donor Restricted Endowment Funds:		
Investments in Perpetuity	41,496,224	32,820,755
Accumulated Unspent Appreciation on Investments in Perpetuity	29,469,173	25,154,663
Other Purpose Restricted Funds	<u>3,122,375</u>	<u>2,898,167</u>
 Total Donor Restricted Endowment Funds	 <u>74,087,772</u>	 <u>60,873,585</u>
 Total Net Assets With Donor Restrictions	 <u>\$ 81,681,553</u>	 <u>\$ 68,433,585</u>

COMMUNITY FOUNDATION OF NORTH CENTRAL MASSACHUSETTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 – NET ASSETS AND ENDOWMENT FUNDS (Continued)

The Foundation's endowment consists of 117 individual funds that are both donor-restricted and designated by the Board of Directors to function as endowments for a variety of purposes. From time to time, the fair market value of the investment assets associated with individual donor-restricted endowment funds intended to be held in perpetuity may fall below the original gift value. As of June 30, 2025 and 2024, there were 7 individual underwater endowment funds. For the year ended June 30, 2025 the total deficit of underwater funds was \$492,484, with original gift values of \$1,161,825. For the year ended June 30, 2024 the total deficit of underwater funds was \$493,906, with original gift values of \$1,118,842.

Changes in endowments for the year ended June 30, 2025 was as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Beginning Balance	<u>\$ 2,573,990</u>	<u>\$ 60,873,585</u>	<u>\$ 63,447,575</u>
Gifts	19,311	8,713,496	8,732,807
Interest, Dividends and Investment Gains	<u>300,254</u>	<u>7,466,910</u>	<u>7,767,164</u>
Total Additions	<u>319,565</u>	<u>16,180,406</u>	<u>16,499,971</u>
Less:			
Distributions, Grants and Administrative Fees	<u>(135,342)</u>	<u>(2,966,219)</u>	<u>(3,101,561)</u>
Ending Balance	<u>\$ 2,758,213</u>	<u>\$ 74,087,772</u>	<u>\$ 76,845,985</u>

NOTE 9 – RELATED PARTY TRANSACTIONS

The Foundation and Non-Profit Center of Massachusetts, Inc. share board members. See Note 5 for disclosures regarding this arrangement.

Certain officers and directors of the Foundation are also officers, employees or directors of other charitable organizations and businesses the Foundation contracts with during the normal course of business. During the years ending June 30, 2025 and 2024 the Foundation made grant payments of approximately \$660,000 and \$374,000 to these organizations through donor advised funds and board designated grants.

Board members annually sign conflict of interest statements and abstain from voting on grants in which they have a related party interest.

COMMUNITY FOUNDATION OF NORTH CENTRAL MASSACHUSETTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 10 – LIQUIDITY AND AVAILABILITY

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

	<u>2025</u>	<u>2024</u>
Cash and Cash Equivalents	\$ 978,015	\$ 103,746
Pledges and Other Receivables, Net	228,302	292,231
Investments	<u>93,427,027</u>	<u>78,551,728</u>
 Total Financial Assets	 <u>94,633,344</u>	 <u>78,947,705</u>
 Less:		
Agency Funds	9,743,750	7,281,371
Total Endowment Funds	76,845,985	63,447,575
Purpose Restricted Net Assets	<u>7,593,781</u>	<u>7,560,000</u>
 Amounts available within one year	 <u>\$ 449,828</u>	 <u>\$ 658,759</u>

As part of its liquidity management, the Foundation 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 has approximately \$2,700,000 in unrestricted endowment funds that can be drawn upon for operations with board approval.

NOTE 11 – PRIOR PERIOD REVISION

The balances of agency funds and net assets as of June 30, 2024 have been adjusted to reflect the reclassification of a fund to restricted net assets that was incorrectly classified as an agency fund in prior years. This revision had the following effect on account balances as of June 30, 2024:

	<u>Previously Revised</u>	<u>Stated</u>
Agency Funds	<u>\$ 7,281,371</u>	<u>\$ 7,300,745</u>
Net Assets Without Donor Restrictions	3,593,599	3,593,599
Net Assets With Donor Restrictions	<u>68,433,585</u>	<u>68,414,481</u>
 Total Net Assets	 <u>\$ 72,027,184</u>	 <u>\$ 72,008,080</u>

COMMUNITY FOUNDATION OF NORTH CENTRAL MASSACHUSETTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 12 – CONCENTRATIONS

During the year ended June 30, 2025, 72% of the Foundations' Gifts and Donations were made by one donor.

NOTE 13 – RETIREMENT PLAN

The Foundation offers a 401k plan to its eligible employees. Eligible employees receive a 3% safe harbor matching contribution as well as an additional 2% matching contribution. Employer contribution expense to the plan totaled \$26,279 and \$23,856 for the years ended June 30, 2025 and 2024, respectively.

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated the financial statement impact of subsequent events through October 23, 2025, the date that the financial statements were available to be issued. The Foundation is not aware of any subsequent events that would require recognition or disclosure in the financial statements.