

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

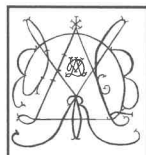
FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017)**

COMMUNITY FOUNDATION OF NORTH CENTRAL MASSACHUSETTS, INC.

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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, 2018 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 entity'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 entity'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 above present fairly, in all material respects, the financial position of Community Foundation of North Central Massachusetts, Inc. as of June 30, 2018 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, 2017, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 22, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 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 17, 2018

COMMUNITY FOUNDATION OF NORTH CENTRAL MASSACHUSETTS, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017)

ASSETS		
	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 830,501	\$ 1,238,837
Short-Term Investments	3,359,552	4,023,157
Pledge Receivable, Net	265,839	237,327
Other Receivables	48,183	34,468
Prepaid Expenses	<u>13,031</u>	<u>14,136</u>
Total Current Assets	<u>4,517,106</u>	<u>5,547,925</u>
LONG-TERM ASSETS		
Property and Equipment, Net	2,590	15,182
Long-Term Investments	<u>48,226,191</u>	<u>43,520,457</u>
Total Long-Term Assets	<u>48,228,781</u>	<u>43,535,639</u>
TOTAL ASSETS	<u><u>\$ 52,745,887</u></u>	<u><u>\$ 49,083,564</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 27,931	\$ 30,982
Agency Funds and Endowments	<u>5,844,224</u>	<u>5,628,758</u>
Total Current Liabilities	<u>5,872,155</u>	<u>5,659,740</u>
NET ASSETS		
Unrestricted	2,138,965	2,008,601
Temporarily Restricted	15,012,735	13,265,036
Permanently Restricted	<u>29,722,032</u>	<u>28,150,187</u>
Total Net Assets	<u>46,873,732</u>	<u>43,423,824</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 52,745,887</u></u>	<u><u>\$ 49,083,564</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, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2018 Total</u>	<u>2017 Total</u>
REVENUE AND OTHER SUPPORT					
Contributions	\$ 1,331,493	\$ 512,913	\$ 1,571,844	\$ 3,416,250	\$ 9,578,277
Less: Contributions to Agency Funds	(127,043)	-	-	(127,043)	(583,441)
Net Contributions	<u>1,204,450</u>	<u>512,913</u>	<u>1,571,844</u>	<u>3,289,207</u>	<u>8,994,836</u>
Net Unrealized Investment Gains	113,744	2,394,946	-	2,508,690	3,293,882
Investment Income	75,562	1,546,651	-	1,622,213	1,135,971
Fundraising Events, Net	-	107,113	-	107,113	183,236
Administrative Fee Revenue	60,594	-	-	60,594	56,164
Net Realized Investment Gains (Losses)	44,712	-	-	44,712	(114,171)
Operating Grant Revenue	20,000	-	-	20,000	8,000
Sponsorships	6,395	-	-	6,395	5,286
Net Assets Released from Restrictions					-
Satisfaction of Program Restrictions	<u>2,813,925</u>	<u>(2,813,925)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue and Other Support	<u>4,339,382</u>	<u>1,747,698</u>	<u>1,571,844</u>	<u>7,658,924</u>	<u>13,563,204</u>
EXPENSES					
Fundraising	200,795	-	-	200,795	196,044
Management and General	167,037	-	-	167,037	163,138
Program Service (Excluding Grants and Donor Directed Distributions)	<u>58,368</u>	<u>-</u>	<u>-</u>	<u>58,368</u>	<u>60,509</u>
Total Expenses	<u>426,200</u>	<u>-</u>	<u>-</u>	<u>426,200</u>	<u>419,691</u>
Grants and Donor Directed Distributions	4,149,727	-	-	4,149,727	3,635,587
Less: Grants from Agency Funds	<u>(366,909)</u>	<u>-</u>	<u>-</u>	<u>(366,909)</u>	<u>(206,831)</u>
Net Grants and Donor Directed Distributions	<u>3,782,818</u>	<u>-</u>	<u>-</u>	<u>3,782,818</u>	<u>3,428,756</u>
Total Expenses and Donor Directed Distributions	<u>4,209,018</u>	<u>-</u>	<u>-</u>	<u>4,209,018</u>	<u>3,848,447</u>
RESULTS OF OPERATIONS	<u>130,364</u>	<u>1,747,698</u>	<u>1,571,844</u>	<u>3,449,906</u>	<u>9,714,757</u>
CHANGES IN NET ASSETS	<u>130,364</u>	<u>1,747,698</u>	<u>1,571,844</u>	<u>3,449,906</u>	<u>9,714,757</u>
NET ASSETS, BEGINNING OF YEAR	<u>2,008,601</u>	<u>13,265,037</u>	<u>28,150,188</u>	<u>43,423,826</u>	<u>33,709,067</u>
NET ASSETS, END OF YEAR	<u>\$ 2,138,965</u>	<u>\$ 15,012,735</u>	<u>\$ 29,722,032</u>	<u>\$ 46,873,732</u>	<u>\$ 43,423,824</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, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017)

EXPENSES	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2018 Total</u>	<u>2017 Total</u>
Donor Directed Distributions	\$ 2,273,136	\$ -	\$ -	\$ 2,273,136	\$ 1,987,467
Grants	<u>1,876,591</u>	<u>-</u>	<u>-</u>	<u>1,876,591</u>	<u>1,648,120</u>
Grants and Donor Directed Distributions	4,149,727	-	-	4,149,727	3,635,587
Less: Grants from Agency Funds	<u>(366,909)</u>	<u>-</u>	<u>-</u>	<u>(366,909)</u>	<u>(206,831)</u>
Net Grants and Donor Directed Distributions	3,782,818	-	-	3,782,818	3,428,756
Management Fees	44,316	81,487	140,817	266,620	258,937
Accounting and Auditing	-	41,477	-	41,477	40,350
Software Maintenance	5,991	15,091	7,201	28,283	26,879
Design and Marketing	-	4,287	20,782	25,069	27,772
Office Supplies and Postage	1,196	5,205	5,199	11,600	10,927
Occupancy	3,058	5,694	1,793	10,545	8,710
Conferences and Training	-	-	8,880	8,880	10,681
Dues and Subscriptions	-	4,709	-	4,709	1,579
Travel	1,111	1,040	2,225	4,376	4,445
Insurance	-	3,258	-	3,258	4,223
Telephone	304	1,286	1,652	3,242	3,432
Miscellaneous	-	2,157	-	2,157	2,274
Website	-	-	2,007	2,007	2,619
Printing	-	1,272	114	1,386	1,789
Legal Fees	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39</u>
Total Expenses Before Depreciation	3,838,794	166,963	190,670	4,196,427	3,833,412
Depreciation	<u>2,392</u>	<u>74</u>	<u>10,125</u>	<u>12,591</u>	<u>15,035</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$ 3,841,186</u>	<u>\$ 167,037</u>	<u>\$ 200,795</u>	<u>\$ 4,209,018</u>	<u>\$ 3,848,447</u>

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, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017)

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2018</u>	<u>2017</u>
Changes in Net Assets	\$ 3,449,906	\$ 9,714,757
Adjustments to Reconcile Changes in Net Assets to Net Cash Used in Operating Activities:		
Depreciation Expense	12,592	15,035
Contributions Restricted for Long-Term Investment	(2,084,757)	(8,021,711)
Interest and Dividends Restricted for Long-Term Investment	(1,546,651)	(1,079,622)
Realized Loss (Gain) on Investments	(44,712)	114,171
Unrealized Loss (Gain) on Investments	(2,508,690)	(3,293,882)
(Increase) Decrease in Operating Assets:		
Pledge Receivable	(28,512)	(211,655)
Other Receivables	(13,715)	(4,413)
Prepaid Expenses	1,108	(4)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(3,052)	(19,265)
Grants Payable	-	(10,000)
Agency Funds and Endowments	215,466	892,954
Net Cash Used In Operating Activities	<u>(2,551,017)</u>	<u>(1,903,635)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds From the Sale of Investments	7,234,875	1,864,542
Purchase of Investments	(8,723,602)	(8,548,418)
Expenditures for Property and Equipment	-	(2,782)
Net Cash Used In Investing Activities	<u>(1,488,727)</u>	<u>(6,686,658)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts of Contributions Restricted for Long-Term Investment	2,084,757	8,021,711
Receipts of Interest and Dividends Restricted for Long-Term Investment	1,546,651	1,079,622
Net Cash Provided By Financing Activities	<u>3,631,408</u>	<u>9,101,333</u>
NET INCREASE (DECREASE) IN CASH	(408,336)	511,040
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,238,837</u>	<u>727,797</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 830,501</u></u>	<u><u>\$ 1,238,837</u></u>

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

COMMUNITY FOUNDATION OF NORTH CENTRAL MASSACHUSETTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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 three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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

Unrestricted - All resources over which the Governing Board has discretionary control. The Governing Board of the Foundation may elect to designate such resources for specific purposes. This designation may be removed at the Board's discretion.

Temporarily Restricted - Resources accumulated through donations or grants for specific operating or capital purposes. Such resources will become unrestricted when the requirements of the donor or grantor have been satisfied through expenditure for the specified purpose or program or through the passage of time.

Permanently Restricted - Endowment resources accumulated through donations or grants that are to be maintained permanently by the Foundation and are subject to the restriction in perpetuity that the principal be invested. Investment income and appreciation may be either an unrestricted or temporarily restricted resource when earned, determined according to the gift instruments and relevant state law.

As of June 30, 2018 and 2017, the Foundation has unrestricted, temporarily restricted and permanently restricted net assets.

COMMUNITY FOUNDATION OF NORTH CENTRAL MASSACHUSETTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2017, 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 unrestricted and permanently restricted net assets.

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, 2018 and 2017.

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.

Contributions, Gifts and Grants - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of any donor restrictions. Contributions may include actual gifts or promises to give. Such contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contribution of assets other than cash are recorded at their fair value on the date of the gift.

COMMUNITY FOUNDATION OF NORTH CENTRAL MASSACHUSETTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expires in the reporting period in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction.

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 costs incurred to provide the various programs and other activities of the Foundation have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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, 2018 and 2017, the Foundation had \$3,329 and \$2,652, respectively, of unrelated business tax.

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.

COMMUNITY FOUNDATION OF NORTH CENTRAL MASSACHUSETTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2018 consist of the following:

	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Gain(Loss)</u>
<u>June 30, 2018</u>			
Mutual Funds	<u>\$ 3,215,454</u>	<u>\$ 3,359,552</u>	<u>\$ 144,098</u>

Short-term investments as of June 30, 2017 consist of the following:

	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Gain(Loss)</u>
<u>June 30, 2017</u>			
Mutual Funds	<u>\$ 4,041,478</u>	<u>\$ 4,023,157</u>	<u>\$ (18,321)</u>

COMMUNITY FOUNDATION OF NORTH CENTRAL MASSACHUSETTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 3 - PLEDGE RECEIVABLE

Unconditional promises to give at June 30, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Receivable in Less Than One Year	\$ 119,048	\$ 107,898
Receivable in One to Five Years	<u>153,600</u>	<u>135,250</u>
Total Unconditional Promises to Give	272,648	243,148
Less: Discounts to Net Present Value	<u>(6,809)</u>	<u>(5,821)</u>
Net Unconditional Contributions Receivable	<u><u>\$ 265,839</u></u>	<u><u>\$ 237,327</u></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, 2018 consist of the following:

	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Gain(Loss)</u>
<u>June 30, 2018</u>			
Mutual Funds	<u>\$ 40,460,250</u>	<u>\$ 48,226,191</u>	<u>\$ 7,765,941</u>

Long-term investments as of June 30, 2017 consist of the following:

	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Gain(Loss)</u>
<u>June 30, 2017</u>			
Mutual Funds	<u>\$ 38,446,155</u>	<u>\$ 43,520,457</u>	<u>\$ 5,074,302</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, 2018 AND 2017

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.

COMMUNITY FOUNDATION OF NORTH CENTRAL MASSACHUSETTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 5 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Fair value assets measured on a recurring basis as of June 30, 2018 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, 2018</u>				
Cash and Cash Equivalents	\$ 830,501	\$ 830,501	\$ -	\$ -
Short-Term Investments				
Mutual Funds	\$ 3,359,552	\$ 3,359,552	\$ -	\$ -
Long-Term Investments				
Mutual Funds	\$ 48,226,191	\$ 48,226,191	\$ -	\$ -

Fair value assets measured on a recurring basis as of June 30, 2017 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, 2017</u>				
Cash and Cash Equivalents	\$ 1,238,837	\$ 1,238,837	\$ -	\$ -
Short-Term Investments				
Mutual Funds	\$ 4,023,157	\$ 4,023,157	\$ -	\$ -
Long-Term Investments				
Mutual Funds	\$ 43,520,457	\$ 43,520,457	\$ -	\$ -

COMMUNITY FOUNDATION OF NORTH CENTRAL MASSACHUSETTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

		<u>2018</u>	<u>2017</u>
	<u>Useful Lives</u>		
Computers and Software	3 - 5 years	\$ 58,988	\$ 58,988
Website	5 years	32,200	32,200
		<hr/> 91,188	<hr/> 91,188
Less: Accumulated Depreciation		<hr/> (88,598)	<hr/> (76,006)
Property and Equipment, Net		<hr/> <u>\$ 2,590</u>	<hr/> <u>\$ 15,182</u>

Depreciation expense for property and equipment was \$12,591 and \$15,035 for the years ended June 30, 2018 and 2017, respectively.

NOTE 7 - 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 organization'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 \$127,043 and \$583,441 and distributed \$366,909 and \$206,831 during the years ended June 30, 2018 and 2017, respectively.

NOTE 8 - NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2018</u>	<u>2017</u>
Funds Available for Donor Recommendations	\$ 3,633,930	\$ 4,852,190
Scholarships	3,377,664	3,332,391
Endowment, Other	2,118,704	1,531,729
Youth	1,761,956	1,158,121
Fiscal Sponsors	1,297,281	-
Environment	931,715	802,386
Education	854,075	729,165
Critical Needs	672,874	597,999
Health	364,536	261,055
	<hr/> Total Temporarily Restricted Net Assets	<hr/> Total Temporarily Restricted Net Assets
	<hr/> <u>\$ 15,012,735</u>	<hr/> <u>\$ 13,265,036</u>

COMMUNITY FOUNDATION OF NORTH CENTRAL MASSACHUSETTS, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 8 - NET ASSETS (Continued)

Permanently restricted net assets are restricted to:

	<u>2018</u>	<u>2017</u>
Endowment, Other	\$ 9,350,977	\$ 9,004,160
Youth	8,846,753	8,399,287
Health	2,253,469	2,183,845
Critical Needs	2,147,884	2,122,739
Education	2,080,441	2,080,439
Environment	1,603,446	1,603,446
Scholarships	2,946,054	2,536,540
Funds Available for Donor Recommendations	<u>493,008</u>	<u>219,731</u>
Total Permanently Restricted Net Assets	<u>\$ 29,722,032</u>	<u>\$ 28,150,187</u>

NOTE 9 - INVESTMENT INCOME

Investment income of \$1,622,213 and \$1,135,971 in the accompanying statement of activities, is net of expenses relating to investment income, including custodial fees and investment advisory fees in the amount of \$79,929 and \$69,960 for the years ended June 30, 2018 and 2017, respectively.

NOTE 10 - ADMINISTRATIVE FEE REVENUE

The Foundation charges an annual administrative fee to the individual funds, not to exceed 1% of the fund's market value. The fee covers the administrative tasks of managing the collection and distribution of the funds.

COMMUNITY FOUNDATION OF NORTH CENTRAL MASSACHUSETTS, INC.
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NOTE 11 - MANAGEMENT FEE

The Foundation has a management contract with the United Way of North Central Massachusetts, Inc. to provide administrative services. The contract between the two organizations includes a Simplified Employee Pension Plan. Under the plan, the Foundation contributes 5% of each eligible employees salary. Effective January 1, 2016, the Foundation changed from a Simplified Employee Pension Plan to a 401(k) Plan (the "Plan") to provide retirement benefits for its employees. As allowed under Section 401(k) of the Internal Revenue Code, the Plan provides for tax-deferred salary contributions for eligible employees. The Plan allows employees to contribute a portion of their annual compensation to the Plan on a pretax basis up to the IRS legal limits. Employer contributions are discretionary, equal to a uniform percentage of salary deferrals determined annually. Expenses related to this plan was \$10,671 and \$10,287 for the years ended June 30, 2018 and 2017, respectively.

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.

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, office staff and both organizations are managed by the same president. 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>2018</u>	<u>2017</u>
Management Fees	\$ 266,620	\$ 258,937
Common Fees and Other Expenses	<u>25,524</u>	<u>24,948</u>
	<u><u>\$ 292,144</u></u>	<u><u>\$ 283,885</u></u>
Accounts payable to the United Way	<u><u>\$ 24,336</u></u>	<u><u>\$ 28,966</u></u>

COMMUNITY FOUNDATION OF NORTH CENTRAL MASSACHUSETTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 13 - RELATED PARTY TRANSACTIONS (Continued)

The Community Foundation of North Central Massachusetts Supporting Foundation is a related party non-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 or real estate and other hard to value assets for the benefit and support of the Community Foundation of North Central Massachusetts, Inc.

NOTE 14 - SUBSEQUENT EVENTS

In preparing the financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through September 17, 2018, the date 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.