

**COMMUNITY FOUNDATION OF NORTH**

**CENTRAL MASSACHUSETTS, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2015**

**WITH SUMMARIZED FINANCIAL INFORMATION FOR**  
**THE YEAR ENDED JUNE 30, 2014**

**COMMUNITY FOUNDATION OF NORTH**

**CENTRAL MASSACHUSETTS, INC.**

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**REAGAN & COMPANY, PC**  
***CERTIFIED PUBLIC ACCOUNTANTS***

**Independent Auditors' Report**

Leominster, Massachusetts  
September 11, 2015

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

We have audited the accompanying financial statements of the Community Foundation of North Central Massachusetts, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, 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 misstatements, whether due to fraud or error.

**Auditor's 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 of 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 the Community Foundation of North Central Massachusetts, Inc. as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As described in Note 15, the Foundation received clarification from legal counsel concerning the transfer of agency funds. As a result, the beginning balance of net assets for the prior year ended June 30, 2014 were adjusted resulting in a decrease in net assets of \$291,968.

## **Report on Summarized Comparative Information**

We have previously audited the Community Foundation of North Central Massachusetts, Inc.'s 2014 financial statements, and our report dated September 10, 2014, expressed an unmodified opinion on those audited financial statements, before the adjustment of the matter described in the Emphasis of Matter paragraph. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived, before the adjustment of the matter described in the Emphasis of Matter paragraph.

*Beagan & Company, PC*

**COMMUNITY FOUNDATION OF NORTH  
CENTRAL MASSACHUSETTS, INC.  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2015**

**(with summarized comparative totals for June 30, 2014)**

**ASSETS**

	<b>2015</b>	<b>2014 Summarized</b>
Cash	\$ 268,994	\$ 215,266
Short-term investments (Note 2)	3,755,016	3,852,684
Contributions receivable (Note 3)	77,431	128,658
Other receivables	29,251	25,983
Prepaid expenses	11,759	9,994
Long-term investments (Note 4)	35,941,070	33,478,399
Property and equipment, net (Note 6)	38,349	33,588
<b>Total assets</b>	<b>\$ 40,121,870</b>	<b>\$ 37,744,572</b>

**LIABILITIES AND NET ASSETS**

Accounts payable	\$ 30,422	\$ 29,871
Grants payable (Note 7)	22,000	131,737
Agency funds and endowments (Note 8)	4,898,361	4,881,736
<b>Total liabilities</b>	<b>4,950,783</b>	<b>5,043,344</b>
<b>NET ASSETS:</b>		
Unrestricted net assets	1,983,619	2,047,265
Temporarily restricted net assets (Note 13)	13,243,040	15,143,333
Permanently restricted net assets (Note 13)	19,944,428	15,510,630
<b>Total net assets</b>	<b>35,171,087</b>	<b>32,701,228</b>
<b>Total liabilities and net assets</b>	<b>\$ 40,121,870</b>	<b>\$ 37,744,572</b>

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

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

(with summarized comparative totals for June 30, 2014)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2015 Totals	2014 Summarized
<b>REVENUES:</b>					
Contributions (Note 9)	\$ 1,425,922	\$ 278,272	\$ 4,433,798	\$ 6,137,992	\$ 1,781,364
Less: contributions to agency funds	(560,700)	-	-	(560,700)	(393,432)
<b>Net contributions</b>	<b>865,222</b>	<b>278,272</b>	<b>4,433,798</b>	<b>5,577,292</b>	<b>1,387,932</b>
Fundraising events (net of expenses)	196,453	-	-	196,453	22,767
Investment income (Note 10)	79,462	1,182,154	-	1,261,616	1,244,364
Realized gain on sale of investments	81,934	1,471,389	-	1,553,323	2,939,701
Administrative fee revenue (Note 11)	51,899	-	-	51,899	44,182
Sponsorships	11,738	-	-	11,738	975
Operating grant revenue	52,644	-	-	52,644	28,000
Assets released from restrictions - expiration of use restrictions	2,031,581	(2,031,581)	-	-	-
<b>Total revenue</b>	<b>3,370,933</b>	<b>900,234</b>	<b>4,433,798</b>	<b>8,704,965</b>	<b>5,667,921</b>
<b>EXPENSES:</b>					
Management and general	144,724	-	-	144,724	122,120
Fund-raising	178,567	-	-	178,567	177,123
Program (excluding grants and donor directed distributions)	61,461	-	-	61,461	47,266
<b>Total expenses</b>	<b>384,752</b>	<b>-</b>	<b>-</b>	<b>384,752</b>	<b>346,509</b>
Grants and donor directed distributions	3,330,405	-	-	3,330,405	3,480,765
Less: grants from agency funds	(458,773)	-	-	(458,773)	(381,559)
<b>Net grants</b>	<b>2,871,632</b>	<b>-</b>	<b>-</b>	<b>2,871,632</b>	<b>3,099,206</b>
<b>Total expenses and donor directed distributions</b>	<b>3,256,384</b>	<b>-</b>	<b>-</b>	<b>3,256,384</b>	<b>3,445,715</b>
<b>INCREASE IN NET ASSETS FROM OPERATIONS</b>	<b>114,549</b>	<b>900,234</b>	<b>4,433,798</b>	<b>5,448,581</b>	<b>2,222,206</b>
<b>OTHER INCREASE (DECREASE) IN NET ASSETS:</b>					
Unrealized gain (loss) on investments	(178,195)	(2,800,527)	-	(2,978,722)	1,075,244
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>(63,646)</b>	<b>(1,900,293)</b>	<b>4,433,798</b>	<b>2,469,859</b>	<b>3,297,450</b>
<b>NET ASSETS - BEGINNING OF PERIOD</b>	<b>2,047,265</b>	<b>15,143,333</b>	<b>15,510,630</b>	<b>32,701,228</b>	<b>29,695,746</b>
<b>PRIOR PERIOD ADJUSTMENT (NOTE 15)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(291,968)</b>
<b>NET ASSETS - BEGINNING OF PERIOD, ADJUSTED</b>	<b>2,047,265</b>	<b>15,143,333</b>	<b>15,510,630</b>	<b>32,701,228</b>	<b>29,403,778</b>
<b>NET ASSETS - END OF PERIOD</b>	<b>\$ 1,983,619</b>	<b>\$ 13,243,040</b>	<b>\$ 19,944,428</b>	<b>\$ 35,171,087</b>	<b>\$ 32,701,228</b>

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, 2015**

(with summarized comparative totals for June 30, 2014)

	Management and General	Fund-raising	Program	2015 Totals	2014 Summarized
Donor directed distributions	\$ -	\$ -	\$ 1,923,442	\$ 1,923,442	\$ 1,920,708
Grants	-	-	1,406,963	1,406,963	1,560,057
Grants and donor directed distributions	-	-	3,330,405	3,330,405	3,480,765
Less: grants from agency funds	-	-	(458,773)	(458,773)	(381,559)
Net grants and donor directed distributions	-	-	2,871,632	2,871,632	3,099,206
Payroll and payroll benefits (Note 12)	76,858	126,045	44,438	247,341	235,620
Accounting and auditing	35,600	-	-	35,600	35,440
Conferences and training	-	16,656	36	16,692	2,236
Depreciation	666	2,683	1,193	4,542	689
Design and marketing	4,293	17,171	-	21,464	20,941
Dues and subscriptions	519	-	3,440	3,959	3,401
Insurance	3,842	-	-	3,842	3,945
Legal fees	1,388	-	-	1,388	3,897
Miscellaneous	510	-	-	510	323
Newsletter	-	-	-	-	467
Occupancy	5,080	1,599	2,729	9,408	4,617
Office supplies and postage	6,842	3,485	4,258	14,585	10,043
Printing	911	1,765	481	3,157	2,436
Software maintenance	6,255	4,456	2,926	13,637	12,487
Telephone	1,086	1,740	1,086	3,912	2,899
Travel	874	1,326	874	3,074	4,699
Website	-	1,641	-	1,641	2,369
	\$ 144,724	\$ 178,567	\$ 2,933,093	\$ 3,256,384	\$ 3,445,715

See Independent Auditors' Report and Accompanying Notes to Financial Statements

**COMMUNITY FOUNDATION OF NORTH  
CENTRAL MASSACHUSETTS, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2015**

**(with summarized comparative totals for June 30, 2014)**

	<b>2015</b>	<b>2014 Summarized</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase in net assets	\$ 2,469,859	\$ 3,297,450
Adjustments to reconcile increase in net assets to net cash provided by (used for) operating activities:		
Depreciation	4,542	689
Contributions restricted for long-term investment	(4,712,070)	(623,982)
Interest and dividends restricted for long-term investment	(1,182,154)	(1,162,695)
Unrealized (gain) loss on investments	2,978,722	(1,075,244)
(Increase) decrease in:		
Contributions receivable	51,227	475,425
Other receivables	(3,268)	1,473
Prepaid expenses	(1,765)	74
Increase (decrease) in:		
Accounts payable	551	7,323
Grants payable	(109,737)	21,737
Agency funds and endowments	16,625	701,096
<b>Net cash provided by (used for) operating activities</b>	<b>(487,468)</b>	<b>1,643,346</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of equipment	(9,303)	(33,068)
Proceeds from sale of investments	10,808,079	13,912,414
Purchase of investments	(16,151,804)	(17,405,011)
<b>Net cash used for investing activities</b>	<b>(5,353,028)</b>	<b>(3,525,665)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Receipts of contributions restricted for long-term investment	4,712,070	623,982
Interest and dividends restricted for long-term investment	1,182,154	1,162,695
<b>Net cash provided by financing activities</b>	<b>5,894,224</b>	<b>1,786,677</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>53,728</b>	<b>(95,642)</b>
<b>CASH - BEGINNING OF YEAR</b>	<b>215,266</b>	<b>310,908</b>
<b>CASH - END OF YEAR</b>	<b>\$ 268,994</b>	<b>\$ 215,266</b>

See Independent Auditors' Report and Accompanying Notes to Financial Statements



**COMMUNITY FOUNDATION OF NORTH  
CENTRAL MASSACHUSETTS, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**Nature of Activities –**

The Community Foundation of North Central Massachusetts, Inc. was 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.

**Accounting Method –**

The financial statements of the Community Foundation of North Central Massachusetts, Inc. have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

**Basis of Presentation –**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958 -205, *Not for Profit Entity, Presentation of Financial Statements*. Under those provisions, net assets and revenues, gains and losses are classified based on the absence or existence and nature of donor-imposed restrictions as follows:

**Unrestricted net assets** – Net assets that are not subject to donor-imposed stipulations.

**Temporarily restricted net assets** – Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Community Foundation of North Central Massachusetts, Inc. pursuant to those stipulations or that expire by the passage of time.

**Permanently restricted net assets** – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of such assets permit the Foundation to use all or part of the income earned on the assets.

**COMMUNITY FOUNDATION OF NORTH  
CENTRAL MASSACHUSETTS, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2014**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (Continued)

**Summarized Comparative Financial Information –**

The financial statements include certain prior-year summarized comparative financial 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, 2014, from which the summarized information was derived.

**Cash and Cash Equivalents –**

For financial statement purposes, the Community Foundation of North Central Massachusetts, Inc. considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**Property and Equipment –**

The Foundation follows the practice of capitalizing, as property and equipment, expenditures of \$500 or higher. Property and equipment are stated at cost or, in the case of gifts, at fair market value at the date of donation. Depreciation is provided on a straight-line basis over the following estimated useful lives of the assets:

	<b><u>Years</u></b>
Computers and computer software	3-5
Website	3

**Contributed Services –**

The Foundation receives a substantial amount of 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 the FASB ASC 958-605-25, *Not for Profit Entity, Revenue Recognition, Contributed Services*.

**Income Tax Status –**

The Foundation is a nonprofit organization and is exempt from federal income taxes under Section 501(c)(3) of the US Internal Revenue Code.

**COMMUNITY FOUNDATION OF NORTH  
CENTRAL MASSACHUSETTS, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2014**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (Continued)

**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. Accordingly, actual results could differ from those estimates.

**Fair Value of Investment Securities –**

The Foundation follows the provisions of the FASB ASC 320, *Debt and Equity Securities*. This guidance requires that investments in debt securities and certain equity securities be measured at fair value. Fair value is determined based on quoted market value. Realized and unrealized gains and losses on investments are recognized in the period in which they occur.

**Investment Income and Gains –**

Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period which the income and gains are recognized.

**Expense Allocation –**

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Designation of Unrestricted Net Assets –**

It is the policy of the Board of Directors of the Foundation to designate appropriate sums of unrestricted net assets to assure adequate financing for grant proposals.

**Date of Management Review –**

Subsequent events have been evaluated through September 11, 2015, which is the date the financial statements were available to be issued.

**COMMUNITY FOUNDATION OF NORTH  
CENTRAL MASSACHUSETTS, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (Continued)

**Accounting for Uncertain Tax Positions –**

The Foundation has adopted FASB ASC 740-10, *Income Taxes, Accounting for Uncertainty*, that clarifies the accounting and recognition for income tax positions taken or expected to be taken in the Foundation's income tax returns. The Foundation's income tax filings are subject to audit by various taxing authorities. The Foundation's open audit periods are 2011 - 2014. The Foundation evaluates all tax positions in conformity with FASB ASC 450, *Contingencies*, which requires recording tax liabilities that are probable and can be reasonably estimated. As of June 30, 2015 and 2014, the Foundation believes that no such accruals are required.

**2. SHORT-TERM INVESTMENTS:**

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

**3. CONTRIBUTIONS RECEIVABLE:**

Unconditional promises to give at June 30, 2015, and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Receivable in less than one year	\$ 36,181	\$ 66,164
Receivable in one to five years	<u>43,075</u>	<u>65,920</u>
Total unconditional promises to give	79,256	132,084
Less: Discounts to net present value	<u>(1,825)</u>	<u>(3,426)</u>
Net unconditional contributions receivable	<u>\$ 77,431</u>	<u>\$ 128,658</u>

**4. LONG-TERM INVESTMENTS:**

Investments in debt securities and equity securities with readily determinable fair values are carried at fair value.

**COMMUNITY FOUNDATION OF NORTH  
CENTRAL MASSACHUSETTS, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2014**

**4. LONG-TERM INVESTMENTS:** (Continued)

Long-term investments at June 30, 2015 were comprised of the following:

	<u>Cost</u>	<u>Determinable Fair Market Value</u>	<u>Unrealized Gain (Loss)</u>
Mutual Funds	\$ 31,757,381	\$ 34,352,424	\$ 2,595,043
US Government / Municipal Bonds	1,596,552	1,588,646	(7,906)
<b>Total long-term investments</b>	<u><u>\$ 33,353,933</u></u>	<u><u>\$ 35,941,070</u></u>	<u><u>\$ 2,587,137</u></u>

**5. FAIR VALUE OF FINANCIAL INSTRUMENTS:**

FASB ASC 820, *Fair Value Measurement and Disclosure*, defines fair value and establishes a framework for measuring fair value by providing a hierarchy consisting of three levels of input.

Level 1 inputs are quoted prices in active markets for identical assets or liabilities.

Level 2 inputs are available indirect information, such as quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3 inputs are unobservable and generally allow for situations in which there is little, if any, market activity. They are based on the reporting entity's own assumptions about the factors market participants would use in pricing the asset or liability.

At June 30, 2015 and 2014, the carrying amounts of the Foundation's cash and cash equivalents, contributions receivable, accounts payable and other current liabilities reported in the statement of financial position approximate fair market values as described in the Level 1 criteria.

**COMMUNITY FOUNDATION OF NORTH  
CENTRAL MASSACHUSETTS, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2014**

**5. FAIR VALUE OF FINANCIAL INSTRUMENTS:** (Continued)

Fair value assets measured on a recurring basis as of June 30, 2015 and 2014 are as follows:

	At June 30, 2015			
	Total	Quoted Prices In Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
	2015	Level 1	Level 2	Level 3
Cash and Equivalents	\$ 268,994	\$ 268,994	\$ -	\$ -
Short Term Investments	3,755,016	3,755,016	-	-
Long Term Investments			-	-
Mutual Funds	34,352,424	34,352,424	-	-
US Government / Municipal Bonds	1,588,646	1,588,646	-	-

	At June 30, 2014			
	Total	Quoted Prices In Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
	2014	Level 1	Level 2	Level 3
Cash and Equivalents	\$ 215,266	\$ 215,266	\$ -	\$ -
Short Term Investments	3,852,684	3,852,684	-	-
Long Term Investments			-	-
Mutual Funds	32,145,110	32,145,110	-	-
US Government / Municipal Bonds	1,333,289	1,333,289	-	-

**COMMUNITY FOUNDATION OF NORTH  
CENTRAL MASSACHUSETTS, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2014**

**6. PROPERTY AND EQUIPMENT:**

As of June 30, 2015 and 2014, property and equipment consisted of:

	<u>2015</u>	<u>2014</u>
Computers and computer software	\$ 54,785	\$ 45,482
Website	<u>32,200</u>	<u>32,200</u>
	86,985	77,682
Less: Accumulated depreciation	<u>( 48,636)</u>	<u>( 44,094)</u>
<b>Net property and equipment</b>	<b><u>\$ 38,349</u></b>	<b><u>\$ 33,588</u></b>

Depreciation expense was \$4,542 and \$689 for the years ended June 30, 2015 and 2014, respectively.

**7. GRANTS PAYABLE:**

Grants authorized but unpaid at year end are reported as liabilities in accordance with FASB ASC 605, *Revenue Recognition*. The following is a summary of grants authorized:

	<u>2015</u>	<u>2014</u>
General Endowment Grants	\$ -	\$ 20,000
Donor Advised Grant Payable	<u>22,000</u>	<u>111,737</u>
	<b><u>\$ 22,000</u></b>	<b><u>\$ 131,737</u></b>

**8. AGENCY FUNDS AND ENDOWMENTS:**

Funds that the Foundation holds and invests for other not-for-profit organizations are treated as a liability since the funds are held by the Foundation for investing on the Organization's behalf. The income, expenses, 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 \$560,700 and \$393,432 and distributed \$458,773 and \$381,559 and during the years ended June 30, 2015 and 2014, respectively.

**COMMUNITY FOUNDATION OF NORTH  
CENTRAL MASSACHUSETTS, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2014**

**9. CONTRIBUTIONS:**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**10. INVESTMENT INCOME:**

Investment income of \$1,261,616 and \$1,244,364, 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 \$63,471 and \$60,862 for the years ended June 30, 2015 and 2014, respectively.

**11. ADMINISTRATIVE FEE REVENUE:**

The Foundation charges administrative fees to the individual funds in order to cover the administrative tasks of managing the collection and distribution of the funds. These accounts are charged an annual fee not to exceed 1% of the fund's market value to cover the administrative tasks of managing these funds.

**12. PAYROLL AND PAYROLL BENEFITS:**

The Community Foundation of North Central Massachusetts, Inc. has a management contract with the United Way of North Central Massachusetts to provide administrative services. The contract between the two Organizations includes a Simplified Employee Pension Plan. Under the plan, the Organization contributes 5.0% of each eligible employee's salary during the year ended June 30, 2015 (6.5% during the year ended June 30, 2014). Expenses related to the plan were \$11,137 and \$9,971 for the years ended June 30, 2015 and 2014 respectively.



**COMMUNITY FOUNDATION OF NORTH  
CENTRAL MASSACHUSETTS, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2014**

**13. NET ASSETS:**

Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time.

Temporarily restricted net assets are available for the following purposes:

Funds available for donor recommendations	\$ 4,404,648
Scholarships	4,264,634
Endowment, other	1,608,410
Youth	713,123
Environment	593,079
Health	627,531
Education	520,136
Critical needs	<u>511,479</u>
<b>Total temporarily restricted net assets</b>	<b><u><u>\$ 13,243,040</u></u></b>

Permanently restricted net assets consisted of the following:

Funds available for donor recommendations	\$ 309,699
Scholarships	1,350,192
Endowment, other	5,160,142
Youth	5,712,332
Environment	1,139,887
Health	2,060,956
Education	2,151,426
Critical needs	<u>2,059,794</u>
<b>Total permanently restricted net assets</b>	<b><u><u>\$ 19,944,428</u></u></b>

**COMMUNITY FOUNDATION OF NORTH  
CENTRAL MASSACHUSETTS, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2014**

**14. RELATED PARTY TRANSACTIONS:**

The Community Foundation of North Central Massachusetts, Inc. and the United Way of North Central Massachusetts share office space, office staff and both Organizations are managed by the same president. The payroll and related payroll benefits 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 the United Way for these costs on a monthly basis. The amounts billed for the shared payroll and related costs were \$255,596 and \$236,867 for the years ended June 30, 2015 and 2014, respectively. The amount due to the United Way of North Central Massachusetts at June 30, 2015 and 2014 for payroll and related costs was \$26,869 and \$21,902, respectively.

The Community Foundation of North Central Massachusetts Supporting Foundation is a related party nonprofit organization 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.

**15. PRIOR PERIOD ADJUSTMENT:**

During the prior year end June 30, 2014, the Foundation received clarification from legal counsel concerning the transfer of agency funds. As a result, the beginning balance of net assets for the year ended June 30, 2014 was adjusted resulting in a decrease in net assets of \$291,968.