

COMMUNITY FOUNDATION OF NORTH

CENTRAL MASSACHUSETTS, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

WITH SUMMARIZED FINANCIAL INFORMATION FOR
THE YEAR ENDED JUNE 30, 2013

COMMUNITY FOUNDATION OF NORTH

CENTRAL MASSACHUSETTS, INC.

TABLE OF CONTENTS

	<u>Page No.</u>
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of financial position	3
Statement of activities	4
Statement of functional expenses	5
Statement of cash flows	6
NOTES TO FINANCIAL STATEMENTS	7

REAGAN & COMPANY, PC

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

Fitchburg, Massachusetts

September 10, 2014

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, 2014, 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, 2014, 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 16, the Foundation received clarification from legal counsel concerning the transfer of agency funds. As a result, the net assets for the prior year ended June 30, 2013 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 2013 financial statements, and our report dated September 13, 2013, 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, 2013, 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, 2014**

(with summarized comparative totals for June 30, 2013)

ASSETS

	2014	2013 Summarized
Cash	\$ 215,266	\$ 310,908
Short-term investments (Note 2)	3,852,684	3,611,073
Contributions receivable (Note 3)	128,658	604,083
Other receivables	25,983	27,456
Prepaid expenses	9,994	10,068
Long-term investments (Note 4)	33,478,399	29,152,169
Property and equipment, net (Note 6)	33,588	1,209
Total assets	\$ 37,744,572	\$ 33,716,966

LIABILITIES AND NET ASSETS

Accounts payable	\$ 29,871	\$ 22,548
Grants payable (Note 7)	131,737	110,000
Agency funds and endowments (Note 8)	4,881,736	4,180,640
Total liabilities	5,043,344	4,313,188
NET ASSETS:		
Unrestricted net assets	2,047,265	1,709,094
Temporarily restricted net assets (Note 14)	15,143,333	12,375,927
Permanently restricted net assets (Note 14)	15,510,630	15,318,757
Total net assets	32,701,228	29,403,778
Total liabilities and net assets	\$ 37,744,572	\$ 33,716,966

COMMUNITY FOUNDATION OF NORTH CENTRAL MASSACHUSETTS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014
(with summarized comparative totals for June 30, 2013)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2014 Totals	2013 Summarized
REVENUES:					
Contributions (Note 9)	\$ 1,157,382	\$ 432,109	\$ 191,873	\$ 1,781,364	\$ 5,954,080
Less: contributions to agency funds	(393,432)	-	-	(393,432)	(196,782)
Net contributions	763,950	432,109	191,873	1,387,932	5,757,298
Donated space (Note 10)	-	-	-	-	3,000
Fundraising events (net of expenses)	22,767	-	-	22,767	64,391
Investment income (Note 11)	81,669	1,162,695	-	1,244,364	846,847
Realized gain on sale of investments	174,109	2,765,592	-	2,939,701	174,694
Administrative fee revenue (Note 12)	44,182	-	-	44,182	44,592
Sponsorships	975	-	-	975	1,700
Operating grant revenue	28,000	-	-	28,000	4,252
Assets released from restrictions - expiration of use restrictions	2,842,343	(2,842,343)	-	-	-
Total revenue	3,957,995	1,518,053	191,873	5,667,921	6,896,774
EXPENSES:					
Management and general	122,120	-	-	122,120	134,210
Fund-raising	177,123	-	-	177,123	126,184
Program (excluding grants and donor directed distributions)	47,266	-	-	47,266	39,010
Total expenses	346,509	-	-	346,509	299,404
Grants and donor directed distributions	3,480,765	-	-	3,480,765	6,686,622
Less: grants from agency funds	(381,559)	-	-	(381,559)	(1,593,336)
Net grants	3,099,206	-	-	3,099,206	5,093,286
Total expenses and donor directed distributions	3,445,715	-	-	3,445,715	5,392,690
INCREASE IN NET ASSETS FROM OPERATIONS	512,280	1,518,053	191,873	2,222,206	1,504,084
OTHER INCREASE (DECREASE) IN NET ASSETS:					
Unrealized gain (loss) on investments	(174,109)	1,249,353	-	1,075,244	2,253,907
INCREASE IN NET ASSETS	338,171	2,767,406	191,873	3,297,450	3,757,991
NET ASSETS - BEGINNING OF PERIOD	1,709,094	12,667,895	15,318,757	29,695,746	25,937,755
PRIOR PERIOD ADJUSTMENT (NOTE 16)	-	(291,968)	-	(291,968)	(291,968)
NET ASSETS - BEGINNING OF PERIOD, ADJUSTED	1,709,094	12,375,927	15,318,757	29,403,778	25,645,787
NET ASSETS - END OF PERIOD	\$ 2,047,265	\$ 15,143,333	\$ 15,510,630	\$ 32,701,228	\$ 29,403,778

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, 2014

(with summarized comparative totals for June 30, 2013)

	Management and General	Fund-raising	Program	2014 Totals	2013 Summarized
Donor directed distributions	\$ -	\$ -	\$ 1,920,708	\$ 1,920,708	\$ 3,945,397
Grants	-	-	1,560,057	1,560,057	2,741,225
Grants and donor directed distributions	-	-	3,480,765	3,480,765	6,686,622
Less: grants from agency funds	-	-	(381,559)	(381,559)	(1,593,336)
Net grants and donor directed distributions	-	-	3,099,206	3,099,206	5,093,286
Payroll and payroll benefits (Note 13)	64,601	132,384	38,635	235,620	177,700
Accounting and auditing	35,440	-	-	35,440	38,915
Conferences and training	1,261	975	-	2,236	2,209
Depreciation	689	-	-	689	1,184
Design and marketing	-	20,941	-	20,941	20,941
Dues and subscriptions	574	-	2,827	3,401	4,000
Insurance	3,945	-	-	3,945	3,275
Legal fees	3,897	-	-	3,897	6,806
Miscellaneous	247	76	-	323	1,580
Newsletter	-	467	-	467	1,475
Occupancy	2,309	2,308	-	4,617	3,000
Office supplies and postage	3,232	4,859	1,952	10,043	10,231
Printing	658	1,535	243	2,436	6,878
Software maintenance	3,101	7,867	1,519	12,487	12,082
Telephone	875	1,150	874	2,899	3,320
Travel	1,291	2,192	1,216	4,699	3,399
Website	-	2,369	-	2,369	2,409
	<u>\$ 122,120</u>	<u>\$ 177,123</u>	<u>\$ 3,146,472</u>	<u>\$ 3,445,715</u>	<u>\$ 5,392,690</u>

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, 2014**

(with summarized comparative totals for June 30, 2013)

	2014	2013 Summarized
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 3,297,450	\$ 3,757,991
Adjustments to reconcile increase in net assets to net cash provided by (used for) operating activities:		
Depreciation	689	1,184
Contributions restricted for long-term investment	(623,982)	(2,305,751)
Interest and dividends restricted for long-term investment	(1,162,695)	(764,061)
Unrealized gain on investments	(1,075,244)	(2,253,907)
(Increase) decrease in:		
Contributions receivable	475,425	(567,700)
Other receivables	1,473	(516)
Prepaid expenses	74	(1,286)
Increase (decrease) in:		
Accounts payable	7,323	(7,037)
Grants payable	21,737	80,000
Agency funds and endowments	701,096	(965,071)
Net cash provided by (used for) operating activities	1,643,346	(3,026,154)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	(33,068)	-
Proceeds from sale of investments	13,912,414	6,671,134
Purchase of investments	(17,405,011)	(6,631,853)
Net cash provided by (used for) investing activities	(3,525,665)	39,281
CASH FLOWS FROM FINANCING ACTIVITIES:		
Receipts of contributions restricted for long-term investment	623,982	2,305,751
Interest and dividends restricted for long-term investment	1,162,695	764,061
Net cash provided by financing activities	1,786,677	3,069,812
NET INCREASE (DECREASE) IN CASH	(95,642)	82,939
CASH - BEGINNING OF YEAR	310,908	227,969
CASH - END OF YEAR	\$ 215,266	\$ 310,908

**COMMUNITY FOUNDATION OF NORTH
CENTRAL MASSACHUSETTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

**WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013**

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, 2014**

**WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013**

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, 2013, 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:

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

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, 2014**

**WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013**

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 10, 2014, 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, 2014**

**WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013**

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 2010 - 2013. 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, 2014 and 2013, 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, 2014, and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Receivable in less than one year	\$ 66,164	\$ 52,739
Receivable in one to five years	<u>65,920</u>	<u>557,731</u>
Total unconditional promises to give	132,084	610,470
Less: Discounts to net present value	<u>(3,426)</u>	<u>(6,387)</u>
Net unconditional contributions receivable	<u>\$ 128,658</u>	<u>\$ 604,083</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, 2014**

**WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013**

4. LONG-TERM INVESTMENTS: (Continued)

Long-term investments at June 30, 2014 were comprised of the following:

	<u>Cost</u>	<u>Determinable Fair Market Value</u>	<u>Unrealized Gain</u>
Mutual Funds	\$ 26,204,570	\$ 32,145,110	\$ 5,940,540
US Government / Municipal Bonds	1,291,267	1,333,289	42,022
Total long-term investments	<u>\$ 27,495,837</u>	<u>\$ 33,478,399</u>	<u>\$ 5,982,562</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, 2014 and 2013, 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, 2014**

**WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013**

5. FAIR VALUE OF FINANCIAL INSTRUMENTS: (Continued)

Fair value assets measured on a recurring basis as of June 30, 2014 and 2013 are as follows:

	<u>At June 30, 2014</u>			
	<u>Total</u>	<u>Quoted Prices In Active Markets for Identical Assets Level 1</u>	<u>Significant Other Observable Inputs Level 2</u>	<u>Significant Unobservable Inputs Level 3</u>
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	-	-

	<u>At June 30, 2013</u>			
	<u>Total</u>	<u>Quoted Prices In Active Markets for Identical Assets Level 1</u>	<u>Significant Other Observable Inputs Level 2</u>	<u>Significant Unobservable Inputs Level 3</u>
Cash and Equivalents	\$ 310,908	\$ 310,908	\$ -	\$ -
Short Term Investments	3,611,073	3,611,073	-	-
Long Term Investments			-	-
Mutual Funds	28,015,412	28,015,412	-	-
US Government / Municipal Bonds	1,136,757	1,136,757	-	-

**COMMUNITY FOUNDATION OF NORTH
CENTRAL MASSACHUSETTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

**WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013**

6. PROPERTY AND EQUIPMENT:

As of June 30, 2014 and 2013, property and equipment consisted of:

	<u>2014</u>	<u>2013</u>
Computers and computer software	\$ 45,482	\$ 50,643
Website	<u>32,200</u>	<u>3,800</u>
	77,682	54,443
Less: Accumulated depreciation	<u>(44,094)</u>	<u>(53,234)</u>
Net property and equipment	<u>\$ 33,588</u>	<u>\$ 1,209</u>

Depreciation expense was \$689 and \$1,184 for the years ended June 30, 2014 and 2013, 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>2014</u>	<u>2013</u>
General Endowment Grants	\$ 20,000	\$ 60,000
Donor Advised Grant Payable	<u>111,737</u>	<u>50,000</u>
	<u>\$ 131,737</u>	<u>\$ 110,000</u>

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 \$393,432 and \$196,782 and distributed \$381,559 and \$1,593,336 and during the years ended June 30, 2014 and 2013, respectively.

**COMMUNITY FOUNDATION OF NORTH
CENTRAL MASSACHUSETTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

**WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013**

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. DONATED SPACE:

The Foundation had free office space through April 2013. The market value of this space at June 30, 2013 was \$3,000.

11. INVESTMENT INCOME:

Investment income of \$1,244,364 and \$846,847, 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 \$60,862 and \$60,833 for the years ended June 30, 2014 and 2013, respectively.

12. 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.

13. 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 6.5% of each eligible employee's salary. Expenses related to the plan were \$9,971 and \$10,867 for the years ended June 30, 2014 and 2013 respectively.

**COMMUNITY FOUNDATION OF NORTH
CENTRAL MASSACHUSETTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

**WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013**

14. 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	\$ 8,167,415
Scholarships	440,792
Endowment, other	3,732,026
Youth	1,231,112
Environment	674,960
Health	695,370
Capital campaign	61,071
Education	78,268
Literacy	38,746
Memorial funds	21,917
Hospice	1,656
	<hr/>
Total temporarily restricted net assets	<u><u>\$ 15,143,333</u></u>

Permanently restricted net assets consisted of the following:

Endowment, other	\$ 10,059,639
Youth organizations	2,813,276
Health	199,574
Environment	1,037,852
Scholarships	884,668
Funds available for donor restrictions	258,980
Education	183,981
Literacy	57,660
Memorial funds	10,000
Hospice	5,000
	<hr/>
Total permanently restricted net assets	<u><u>\$ 15,510,630</u></u>

**COMMUNITY FOUNDATION OF NORTH
CENTRAL MASSACHUSETTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

**WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013**

15. 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 \$236,867 and \$189,009 for the years ended June 30, 2014 and 2013, respectively. The amount due to the United Way of North Central Massachusetts at June 30, 2014 and 2013 for payroll and related costs was \$21,902 and \$17,841, 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.

16. PRIOR PERIOD ADJUSTMENT:

The Foundation received clarification from legal counsel concerning the transfer of agency funds. As a result, the financial statements for the prior year ended June 30, 2013 were adjusted resulting in a decrease in net assets of \$291,968.