



**CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023**

## ESSEX COUNTY COMMUNITY FOUNDATION, INC. AND SUBSIDIARY

Contents  
June 30, 2024 and 2023

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## Independent Auditor's Report

To the Board of Trustees of  
Essex County Community Foundation, Inc. and Subsidiary:

### **Opinion**

We have audited the consolidated financial statements of Essex County Community Foundation, Inc. (a Massachusetts nonprofit corporation) and Subsidiary (a Massachusetts limited liability company) (collectively, the Foundation), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Essex County Community Foundation, Inc. and Subsidiary as of June 30, 2024, and the changes in their net assets and their 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.

### **Prior Period Consolidated Financial Statements**

The consolidated financial statements of Essex County Community Foundation, Inc. and Subsidiary as of and for the year ended June 30, 2023, were audited by other auditors whose report dated October 10, 2023, expressed an unmodified opinion on those consolidated financial statements.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 within one year after the date that the consolidated financial statements are available to be issued.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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.

The signature is written in a cursive, handwritten style. It reads "AAFCPA, Inc." with a stylized flourish at the end.

Westborough, Massachusetts  
December 10, 2024

**ESSEX COUNTY COMMUNITY FOUNDATION, INC. AND SUBSIDIARY**

Consolidated Statements of Financial Position  
June 30, 2024 and 2023

<b>Assets</b>	<b>2024</b>	<b>2023</b>
Current assets:		
Cash and cash equivalents	\$ 2,191,097	\$ 683,632
Investments	84,750,547	83,055,819
Contributions and grants receivable	118,266	1,318,097
Prepaid expenses and other current assets	70,045	42,168
Total current assets	<u>87,129,955</u>	<u>85,099,716</u>
Property and Equipment, net	87,932	11,203
Right-of-Use Lease Asset - Operating	904,438	76,575
Security Deposit	5,580	5,580
Agency Endowment Investments	20,611,011	17,636,831
Endowment Investments	<u>25,611,328</u>	<u>23,819,226</u>
Total assets	<u><u>\$ 134,350,244</u></u>	<u><u>\$ 126,649,131</u></u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 538,999	\$ 223,451
Current portion of grants payable	1,429,303	2,301,442
Fiscal agency liability	2,189,190	1,878,824
Current portion of operating lease liability	51,678	76,575
Total current liabilities	<u>4,209,170</u>	<u>4,480,292</u>
Grants Payable, net of current portion	497,662	666,319
Operating Lease Liability, net of current portion	871,278	-
Agency Endowment Funds	<u>20,611,011</u>	<u>17,636,831</u>
Total liabilities	<u>26,189,121</u>	<u>22,783,442</u>
Net Assets:		
Without donor restrictions:		
Available for operations	82,461,863	80,035,260
Designated for endowment	17,708,783	16,543,716
Invested in property and equipment	87,932	11,203
Total without donor restrictions	<u>100,258,578</u>	<u>96,590,179</u>
With donor restrictions:		
Held in perpetuity	5,484,544	5,475,665
Purpose restricted	1,243,132	995,066
Time restricted	1,174,869	804,779
Total with donor restrictions	<u>7,902,545</u>	<u>7,275,510</u>
Total net assets	<u>108,161,123</u>	<u>103,865,689</u>
Total liabilities and net assets	<u><u>\$ 134,350,244</u></u>	<u><u>\$ 126,649,131</u></u>

The accompanying notes are an integral part of these consolidated statements.

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**ESSEX COUNTY COMMUNITY FOUNDATION, INC. AND SUBSIDIARY**

Consolidated Statements of Activities and Changes in Net Assets  
For the Years Ended June 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues:</b>						
Investment return	\$ 11,361,212	\$ 1,060,936	\$ 12,422,148	\$ 8,673,516	\$ 728,373	\$ 9,401,889
Contributions and grants	11,803,308	8,879	11,812,187	13,636,872	254,045	13,890,917
Special event revenue, net of cost of direct benefit to donors of \$396,500 for year ended June 30, 2023	584,688	-	584,688	272,133	-	272,133
Government grants and contracts	149,958	-	149,958	4,370,569	-	4,370,569
Net assets released from restrictions	442,780	(442,780)	-	287,873	(287,873)	-
Total revenues	24,341,946	627,035	24,968,981	27,240,963	694,545	27,935,508
<b>Expenses:</b>						
Program services	18,643,641	-	18,643,641	19,917,561	-	19,917,561
Management and general	1,263,427	-	1,263,427	1,352,958	-	1,352,958
Fundraising	766,479	-	766,479	641,845	-	641,845
Total expenses	20,673,547	-	20,673,547	21,912,364	-	21,912,364
Changes in net assets	3,668,399	627,035	4,295,434	5,328,599	694,545	6,023,144
<b>Net Assets:</b>						
Beginning of year	96,590,179	7,275,510	103,865,689	91,261,580	6,580,965	97,842,545
End of year	\$ 100,258,578	\$ 7,902,545	\$ 108,161,123	\$ 96,590,179	\$ 7,275,510	\$ 103,865,689

The accompanying notes are an integral part of these consolidated statements.

**ESSEX COUNTY COMMUNITY FOUNDATION, INC. AND SUBSIDIARY**

Consolidated Statements of Cash Flows  
For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Cash Flows from Operating Activities:</b>		
Changes in net assets	\$ 4,295,434	\$ 6,023,144
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	6,912	4,222
Net investment return	(9,322,177)	(7,066,306)
Contributions restricted to endowment	(451,974)	(742,461)
Change in value of fiscal agent liability	310,366	393,832
Net endowment investment return	(3,099,971)	(2,335,583)
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(27,877)	(30,413)
Contributions and grants receivable	1,199,831	(1,000,593)
Accounts payable and accrued expenses	315,548	43,742
Operating lease	18,518	-
Grants payable	(1,040,796)	2,623,195
Net cash used in operating activities	<u>(7,796,186)</u>	<u>(2,087,221)</u>
<b>Cash Flows from Investing Activities:</b>		
Purchases of investments	(21,955,485)	(30,349,351)
Proceeds from sale of investments	30,890,803	30,350,885
Purchases of property and equipment	(83,641)	(1,564)
Withdrawals from assets held under split-interest agreements	-	97,628
Net cash used in operating activities	<u>8,851,677</u>	<u>97,598</u>
<b>Cash Flows from Financing Activities:</b>		
Contributions restricted to endowment	451,974	742,461
Payments to beneficiaries of split-interest agreements	-	(97,628)
Net cash provided by financing activities	<u>451,974</u>	<u>644,833</u>
<b>Net Change in Cash and Cash Equivalents</b>	<u>1,507,465</u>	<u>(1,344,790)</u>
<b>Cash and Cash Equivalents:</b>		
Beginning of year	<u>683,632</u>	<u>2,028,422</u>
End of year	<u>\$ 2,191,097</u>	<u>\$ 683,632</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Operating lease asset obtained in exchange for lease liability	<u>\$ 911,485</u>	<u>\$ -</u>

**ESSEX COUNTY COMMUNITY FOUNDATION, INC. AND SUBSIDIARY**

 Consolidated Statement of Functional Expenses  
 For the Year Ended June 30, 2024

	2024			
	Program Services	General and Adminis- trative	Fund- raising	Total
<b>Personnel:</b>				
Salaries and wages	\$ 521,583	\$ 827,339	\$ 449,641	\$ 1,798,563
Taxes and benefits	90,742	143,936	78,226	312,904
Total personnel	612,325	971,275	527,867	2,111,467
<b>Other:</b>				
Grants	15,612,356	-	-	15,612,356
Professional consultants and speakers	853,724	-	-	853,724
Scholarships	688,990	-	-	688,990
Project support	467,136	-	-	467,136
Office supplies and expenses	56,445	89,534	48,660	194,639
Conferences	187,268	-	-	187,268
Occupancy	42,045	66,692	36,246	144,983
Information technology	34,106	54,099	29,402	117,607
Marketing and advertising	-	-	107,688	107,688
Student incentives	69,972	-	-	69,972
Travel	12,718	20,173	10,964	43,855
Legal and accounting	-	43,370	-	43,370
Insurance	3,402	5,395	2,933	11,730
Training	-	7,886	-	7,886
Depreciation	2,004	3,180	1,728	6,912
Professional fees - other	1,150	1,823	991	3,964
Cost of direct benefit to donors	-	-	-	-
Total other	18,031,316	292,152	238,612	18,562,080
Total expenses	\$ 18,643,641	\$ 1,263,427	\$ 766,479	\$ 20,673,547



**ESSEX COUNTY COMMUNITY FOUNDATION, INC. AND SUBSIDIARY**

 Consolidated Statement of Functional Expenses  
 For the Year Ended June 30, 2023

	<b>Program Services</b>	<b>General and Adminis- trative</b>	<b>Fund- raising</b>	<b>Total</b>
<b>Personnel:</b>				
Salaries and wages	\$ 481,991	\$ 826,271	\$ 413,136	\$ 1,721,398
Taxes and benefits	85,884	147,230	73,615	306,729
Total personnel	567,875	973,501	486,751	2,028,127
<b>Other:</b>				
Grants	17,709,332	-	-	17,709,332
Professional consultants and speakers	451,810	104,684	-	556,494
Project support	1,009,635	-	-	1,009,635
Office supplies and expenses	38,871	66,635	33,318	138,824
Conferences	56,544	-	-	56,544
Occupancy	45,425	77,871	38,935	162,231
Information technology	27,114	46,481	23,240	96,835
Marketing and advertising	-	-	50,211	50,211
Travel	6,595	11,306	5,653	23,554
Legal and accounting	-	43,264	-	43,264
Insurance	2,146	3,679	1,840	7,665
Training	-	21,741	-	21,741
Depreciation	1,182	2,027	1,013	4,222
Professional fees - other	1,032	1,769	884	3,685
Cost of direct benefit to donors	-	-	396,500	396,500
Total other	19,349,686	379,457	551,594	20,280,737
Total operating expenses	19,917,561	1,352,958	1,038,345	22,308,864
Less - expenses shown net of revenues on the consolidated statement of activities and changes in net assets	-	-	(396,500)	(396,500)
Total expenses	<u>\$ 19,917,561</u>	<u>\$ 1,352,958</u>	<u>\$ 641,845</u>	<u>\$ 21,912,364</u>

## ESSEX COUNTY COMMUNITY FOUNDATION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements  
June 30, 2024 and 2023

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### 1. OPERATIONS AND NONPROFIT STATUS

Essex County Community Foundation, Inc. (the Organization) is a nonprofit organization established in 1998 as a broad-based public foundation. Its purpose is to promote and expand philanthropy primarily in Essex County, Massachusetts, by collaborating with donors and by connecting them to the vital and effective work of the nonprofit agencies serving Essex County communities. The Organization provides services to people whose care and loyalty for Essex County communities leads them to community philanthropy.

On August 21, 2018, the Organization formed a single member limited liability company, ECCF Real Estate, LLC (the LLC), to own and manage real estate. The LLC is treated as a subsidiary of the nonprofit organization for financial reporting purposes. The LLC is considered a disregarded entity for tax purposes. All intercompany activity has been eliminated.

Essex County Community Foundation, Inc. and Subsidiary (collectively, the Foundation) seeks to build endowments and donor advised funds to support public benefit purposes. The Foundation's funds have been established for the following purposes:

#### **Discretionary Funds**

The Foundation makes grants to nonprofit agencies in Essex County during its annual grant cycle. The Foundation holds informational meetings open to all nonprofit agencies in different parts of the county on a regular basis. Agencies are invited to submit grant proposals which are reviewed by a community-based volunteer Grant Management Committee. The committee makes grant recommendations to the Foundation's Board of Trustees for final approval.

#### **Field of Interest Funds**

Field of interest funds are used to support projects within a donor-specified geographic area or within a charitable field of interest selected by the donor, such as the arts, conservation, education, health, social services, etc., within Essex County. The Foundation circulates a Request for Proposal to all agencies within the selected field of interest. The Foundation's Grant Management Committee or a committee designated by the donor reviews these proposals and makes recommendations to the Board of Trustees for final approval.

#### **Designated Funds**

A designated fund is a fund established for the benefit of a designated nonprofit agency or program. Beneficiaries, chosen by the donor, will receive the benefit of that donation for many years to come.

#### **Donor Advised Funds**

Donor advised funds are used by community foundations to provide donors with a compelling alternative to establishing their own private foundation or charitable trust. With a donor advised fund, there is no requirement for the donor to establish a tax-exempt entity, which takes time, administrative effort, and money. Through a designated committee, the donor retains advisory privileges with respect to the distribution of funds and the investment of accounts.

#### **Scholarship Funds**

The Foundation provides an opportunity for donors to establish scholarship funds to benefit individuals who might otherwise be unable to complete or continue their education at the secondary level or beyond.

## ESSEX COUNTY COMMUNITY FOUNDATION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements  
June 30, 2024 and 2023

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### 1. OPERATIONS AND NONPROFIT STATUS (Continued)

#### Internal Funds

Internal funds have been established to support the operations of the Foundation, including discretionary grant making, youth, and environmental programs.

The Organization is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Organization is also exempt from state income taxes. Donors may deduct contributions made to the Organization within the requirements of the IRC.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The Foundation prepares its consolidated financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

#### Estimates

The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Net Assets

##### *Net Assets Without Donor Restrictions*

Net assets that are not subject to donor-imposed stipulations are classified as without donor restrictions. In addition, the Board may vote to set aside a certain dollar amount or percentage of net assets without donor restrictions for use at a specific time, for a specific purpose, or to function as endowment. These board-designated net assets may become undesignated with the passage of time or when used for their intended purpose. The Board may undesignate these net assets at its discretion if the originally intended time period or purpose is deemed no longer relevant or applicable to the needs of the Foundation.

##### *Net Assets With Donor Restrictions*

Net assets subject to donor-imposed stipulations that are either held in perpetuity or have restrictions that are met, either by actions of the Foundation and/or the passage of time, are classified as net assets with donor restrictions. All income and unrealized and realized net gains on investments related to net assets held in perpetuity are considered time or purpose restricted. These funds can be made available for expenditure as the Foundation appropriates its annual spending based on the use of a spending policy or in accordance with donor restrictions. When a restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions.

## ESSEX COUNTY COMMUNITY FOUNDATION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements  
June 30, 2024 and 2023

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Cash and Cash Equivalents

Cash and cash equivalents include cash, time deposits, certificates of deposit, and other highly liquid financial instruments with original maturities of three months or less, which are neither held nor restricted by donors for long-term purposes. Cash, time deposits, certificates of deposit, and other highly liquid financial instruments restricted to endowments that are perpetual in nature or other long-term purposes are excluded from cash and cash equivalents in the consolidated statements of financial position.

#### Investments

The Foundation invests its assets in a manner intended to achieve a total rate of return sufficient to replace the assets spent for grants and expenses and recoup any value lost due to inflation. To minimize risk, the Foundation diversifies its investments among various financial instruments and asset categories and uses multiple investment strategies and managers. Significant investment decisions are made by the Board of Trustees' Investment Committee, which has oversight responsibility for the Foundation's investment program. The Foundation's portfolio is managed by outside investment managers who invest according to the investment guidelines recommended by the Investment Committee and approved by the Board of Trustees.

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated statements of financial position and are included in Level 1 of the fair value hierarchy. Fair value is based on market value in the case of marketable securities. The market value of publicly traded securities is based upon quotes from the principal exchanges on which the securities are traded. Investment return (including realized and unrealized gains and losses on investments, interest, dividends, and external and direct internal investment expenses) is included in the current year change in net assets. Realized and unrealized gains or losses are determined by comparison of the difference between market values and average cost, respectively. Dividend and interest income is recognized when earned.

Alternative investments include non-marketable securities such as limited partnerships, private equity, hedge funds, and real estate investment trusts which are valued using current estimates of fair value obtained from investment managers or general partners in the absence of readily determinable public market values. Such valuations generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of the investments held. Because of the inherent uncertainty in valuing these investments, the estimate of the investment manager or general partner may differ from the values that would have been used had a ready market existed, and the differences could be significant. The agreements underlying participation in nonmarketable investment funds may limit the Foundation's ability to liquidate its interest in such investments. The Foundation's management is responsible for the measurements of alternative investments reported in the fair value hierarchy as Level 3. As of June 30, 2021, the Foundation had entered into capital commitments of \$1,000,000 each in two limited partnerships. A third capital commitment of \$2,000,000 was entered into for another limited partnership on October 26, 2021. A fourth capital commitment of \$1,000,000 was entered into during fiscal year 2024 of which \$110,000 was funded as of June 30, 2024. As of June 30, 2024 and 2023, \$2,740,000 and \$1,980,000, respectively, of these commitments have been funded.

## ESSEX COUNTY COMMUNITY FOUNDATION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements  
June 30, 2024 and 2023

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Agency Funds

The Foundation accepts contributions from a donor and agrees to transfer those assets, the return on investments of those assets, or both, to another entity that is specified by the donor. If a nonprofit organization establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, that community foundation must account for the transfer of such assets as a liability rather than as a contribution.

In accordance with U.S. GAAP, the Foundation accounts for agency funds as liabilities equal to the fair value of the assets. All agency endowment activity is excluded from the consolidated statements of activities and changes in net assets and is reflected in the funds held as agency endowments in the accompanying consolidated statements of financial position. Fees on agency endowments are recognized as they are earned.

#### Property and Equipment and Depreciation

Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at fair value at the time of donation. Renewals and betterments in excess of \$5,000 are capitalized as additions to property, while repairs and maintenance are expensed as incurred (see Note 6).

Depreciation of property and equipment is computed using the straight-line method over the following estimated useful lives:

Furniture and equipment	4 - 7 years
Software	3 - 7 years

#### Contributions and Grants Receivable

Contributions and grants receivable are stated at unpaid balances. Any allowance for potentially uncollectable amounts is based on collection experience and other circumstances, which may affect the ability of donors to meet their obligations. It is the Foundation's policy to charge off uncollectible receivables when management determines the receivable will not be collected. There was no allowance at June 30, 2024 and 2023.

#### Revenue Recognition

In accordance with ASC Subtopic 958-605 (Topic 958), *Revenue Recognition*, the Foundation must determine whether a contribution is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or other measurable barriers, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Foundation should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

## ESSEX COUNTY COMMUNITY FOUNDATION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements  
June 30, 2024 and 2023

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Revenue Recognition (Continued)

Grants and contributions without donor restrictions are recorded as revenue when received or unconditionally pledged. Grants and contributions with donor restrictions are recorded as revenues and net assets with donor restrictions when received or unconditionally pledged. Transfers are made to net assets without donor restrictions as costs are incurred, purpose restrictions are met, or time restrictions have lapsed and are shown as net assets released from restrictions in the accompanying consolidated statements of activities and changes in net assets.

The Foundation receives a portion of its revenue from state agencies which are included in government grants and contracts in the accompanying consolidated statements of activities and changes in net assets. Amounts received under contracts with state agencies have been recorded in accordance with Topic 958. These grants are considered nonreciprocal transactions because the general public receives the benefit as a result of the assets transferred. These conditional contributions are recognized as costs are incurred or as the conditions are satisfied.

#### Subsequent Events

Subsequent events have been evaluated through December 10, 2024, which is the date the consolidated financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure.

#### Income Taxes

The Foundation accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the consolidated financial statements regarding a tax position taken or expected to be taken in a tax return. The Foundation has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the consolidated financial statements at June 30, 2024 and 2023. The Foundation's information returns are subject to examination by the Federal and state jurisdictions.

#### Fair Value Measurements

The Foundation follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the Foundation would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Foundation uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Foundation. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

## ESSEX COUNTY COMMUNITY FOUNDATION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements  
June 30, 2024 and 2023

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Fair Value Measurements (Continued)

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable, and which require significant judgment or estimation. Level 3 also includes investments with notice periods for redemption of more than ninety days.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

#### *Investments*

Investments are recorded in the consolidated financial statements at fair value. If an investment is directly held by the Foundation and an active market with quoted prices exists, the market price of an identical security is used to report fair value. Reported fair values of shares in mutual funds are based on share prices reported by the funds as of the last business day of the fiscal year.

The Foundation's interests in alternative investment funds represent interests in certain partnerships and limited liability corporations (LLC). Values for these alternative investment funds, which may invest in both marketable and non-marketable securities, are determined by the Foundation's management based on information provided by each partnership's general partner or LLC managing member and may be based on historical cost, appraisals, market values discounted for concentration of ownership, or other estimates. Because of the inherent uncertainty of valuing the investments in such partnerships and LLCs and uncertainty of the value of the underlying investments held by the partnerships and LLCs, the Foundation's estimate of fair value may differ significantly from the values that would have been used had a readily available market value for the investments existed, and that difference may be material. If a valuation was not available from the general partner or managing member as of year-end, the consolidated financial statements report the most recent prior valuation updated by subsequent capital calls and distributions. The Foundation believes that the carrying amount of its limited liability partnership and LLC investments is a reasonable estimate of fair value as of June 30, 2024 and 2023.

A summary of inputs used in valuing the Foundation's investments as of June 30, 2024 and 2023, is included in Note 3.

#### *All Other Assets and Liabilities*

The carrying value of all other qualifying assets and liabilities does not differ materially from its estimated fair value and is considered Level 1 in the fair value hierarchy.

## ESSEX COUNTY COMMUNITY FOUNDATION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements  
June 30, 2024 and 2023

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Functional Expense Allocation

The consolidated statements of functional expenses reflect costs attributable to program and supporting functions. Personnel costs are allocated based on staff functions. Non-personnel costs, such as occupancy, office expenses, program consulting/professional fees, software licensing, and support are distributed based on personnel allocations.

#### Leases

The Foundation determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property, equipment, or software (an identified asset) in exchange for consideration. The Foundation determines these assets are leased because the Foundation has the right to obtain substantially all of the economic benefit from and the right to direct the use of the identified asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Leases result in the recognition of right-of-use (ROU) assets and lease liabilities on the consolidated statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Foundation determines lease classification as operating or finance at the lease commencement date.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Foundation uses the implicit rate when readily determinable. As most of the leases do not provide an implicit rate, the Foundation uses the risk-free discount rate for the term closest to the full term of the lease, based on the information available at the commencement date to determine the present value of lease payments.

The lease term may include options to extend or to terminate the lease that the Foundation is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Foundation has elected not to record leases with an initial term of twelve months or less on the consolidated statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term. The Foundation has elected the practical expedient to not separate lease and non-lease components and classifies the contract as a lease if consideration in the contract allocated to the lease component is greater than the consideration allocated to the non-lease component.

#### Grants

The Foundation recognizes grant expense at the time the grant is approved and any conditions are met. All grants are ratified by the Board of Trustees. As of June 30, 2024 and 2023, grants are payable as follows:

	<u>2024</u>	<u>2023</u>
2024	\$ -	\$ 2,301,442
2025	\$ 1,429,303	\$ 666,319
2026	\$ 432,885	\$ -
2027	\$ 64,777	\$ -



**ESSEX COUNTY COMMUNITY FOUNDATION, INC. AND SUBSIDIARY**

Notes to Consolidated Financial Statements  
June 30, 2024 and 2023

**3. INVESTMENTS**

The following tables set forth, by level within the fair value hierarchy, the Foundation's investments at fair value as of June 30:

Description	2024			Total
	Level 1	Level 2	Level 3	
Assets:				
Cash equivalents	\$ 14,290,146	\$ -	\$ -	\$ 14,290,146
Equity Funds				
Large cap	52,568,560	-	-	52,568,560
Mid cap	8,662,583	-	-	8,662,583
Small cap	1,000,000	-	-	1,000,000
Fixed income funds:				
Multi-sector	14,351,685	-	-	14,351,685
Other bond funds	11,247,499	-	-	11,247,499
High yield	4,811,124	-	-	4,811,124
International	4,758,698	-	-	4,758,698
Alternative investments:				
Limited partnerships	-	-	2,939,466	2,939,466
Exchange traded funds	<u>16,343,125</u>	<u>-</u>	<u>-</u>	<u>16,343,125</u>
Total investments at fair value	<u>\$ 128,033,420</u>	<u>\$ -</u>	<u>\$ 2,939,466</u>	<u>\$ 130,972,886</u>
Description	2023			Total
	Level 1	Level 2	Level 3	
Assets:				
Cash equivalents	\$ 16,836,528	\$ -	\$ -	\$ 16,836,528
Equity Funds				
Large cap	56,603,836	-	-	56,603,836
Mid cap	8,210,804	-	-	8,210,804
Small cap	1,766,709	-	-	1,766,709
Fixed income funds:				
Multi-sector	14,888,493	-	-	14,888,493
Other bond funds	10,778,273	-	-	10,778,273
High yield	2,915,492	-	-	2,915,492
International	3,002,577	-	-	3,002,577
Government	1,730,387	-	-	1,730,387
Alternative investments:				
Limited partnerships	-	-	1,931,170	1,931,170
Exchange traded funds	<u>5,847,697</u>	<u>-</u>	<u>-</u>	<u>5,847,697</u>
Total investments at fair value	<u>\$ 122,580,706</u>	<u>\$ -</u>	<u>\$ 1,931,170</u>	<u>\$ 124,511,876</u>

## ESSEX COUNTY COMMUNITY FOUNDATION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements  
June 30, 2024 and 2023

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### 3. INVESTMENTS (Continued)

Investment activity for Level 3 investments was as follow for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 1,931,170	\$ 1,580,351
Capital calls	750,000	560,000
Investment return	<u>258,296</u>	<u>(209,181)</u>
Ending balance	<u>\$ 2,939,466</u>	<u>\$ 1,931,170</u>

Total investment return consists of the following for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Unrealized gains	\$ 6,839,642	\$ 6,094,395
Realized gains, net	2,040,037	817,736
Interest and dividends	3,553,151	2,629,891
Partnership loss	-	(118,807)
Investment fees	<u>(10,682)</u>	<u>(21,326)</u>
	<u>\$ 12,422,148</u>	<u>\$ 9,401,889</u>

The Foundation's investment portfolio includes equity hedges and multiple strategy funds, which take the legal form of limited partnerships and trusts. These investments are classified as alternative investments. The fair values of the alternative investments have been estimated by management based on the information provided by the fund managers or the general partners. The information provided by the fund managers or general partners has been audited by other independent auditing firms in accordance with U.S. GAAP.

Certain alternative investments have limited liquidity with lock-up periods allowing withdrawals monthly, quarterly or annually, with some alternative investments requiring prior notice, as defined in the agreements. Certain managers of the Foundation's alternative investments reserve rights to alter lock-up periods with notice to the Foundation.

### 4. NET ASSETS

The endowment component of net assets without donor restrictions is comprised of amounts designated by the Board to function as endowment, which amounted to \$3,744,932 and \$3,376,964 as of June 30, 2024 and 2023, respectively, and other donor created endowments that are subject to both the Foundation's variance power and spending policy.

As of June 30, 2024 and 2023, net assets with donor restrictions included net assets of \$5,484,544 and \$5,475,665, respectively, consisting of twenty-three and twenty-two individual endowment funds and endowment receivables, respectively, which must be held by the Foundation in perpetuity. Earnings on perpetual endowment funds with purpose restrictions consist of funds restricted for a variety of uses within and outside Essex County, Massachusetts which meet the charitable needs of the community.

**ESSEX COUNTY COMMUNITY FOUNDATION, INC. AND SUBSIDIARY**

Notes to Consolidated Financial Statements  
June 30, 2024 and 2023

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**4. NET ASSETS (Continued)**

In addition, there were net assets with donor restrictions consisting of contributions whose restrictions can be satisfied through purpose spending or time and that resulted from earnings on perpetual endowment funds under the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted by the Commonwealth of Massachusetts as follows:

	<u>2024</u>	<u>2023</u>
Cumulative earnings - perpetual endowment funds		
Without purpose restrictions	\$ 1,174,869	\$ 804,779
With purpose restrictions	<u>1,243,132</u>	<u>995,066</u>
	<u>\$ 2,418,001</u>	<u>\$ 1,799,845</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Appropriation of donor restricted endowment earnings	<u>\$ 442,780</u>	<u>\$ 287,873</u>

Net assets with donor restrictions consisted of the following as of and for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Environment	\$ 2,988,704	\$ 2,909,157
Education	2,018,784	1,961,935
Time restriction	1,174,869	804,779
Health and human services	1,007,766	931,019
Art	42,815	39,815
Other	<u>669,607</u>	<u>628,805</u>
Total net assets with donor restrictions	<u>\$ 7,902,545</u>	<u>\$ 7,275,510</u>

**5. ENDOWMENT FUNDS**

The Foundation's endowment consists of approximately sixty (60) individual funds established for a variety of purposes and includes both donor-restricted endowment funds and funds established by the Board of Trustees to function as endowments. Under UPMIFA, the Board of Trustees has discretion to determine appropriate expenditure of a donor-restricted endowment fund in accordance with specific guidelines about what constitutes prudent spending. UPMIFA permits the Foundation to appropriate for expenditure or accumulate so much of an endowment fund as the Foundation determines to be prudent for the uses, benefits, purposes, and duration for which the endowment is established. Although UPMIFA offers short-term spending flexibility, the explicit consideration of the preservation of the funds suggests that a donor-restricted endowment fund is perpetual in nature. Although the Foundation is permitted to continue a prudent payout even if the market value of the fund is below historic principal value, there is an expectation that over time, the perpetually restricted amount will remain intact.

## ESSEX COUNTY COMMUNITY FOUNDATION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements  
June 30, 2024 and 2023

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### 5. ENDOWMENT FUNDS (Continued)

The Foundation's Board of Trustees' interpretation of UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date has resulted in the classification of net assets with donor restrictions that are perpetual in nature as (a) the original value of gifts donated to the perpetual endowment, (b) the original value of the subsequent gifts donated to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in perpetual endowment is classified with other net assets with donor restrictions until appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) General economic conditions
- (2) The possible effect of inflation and deflation
- (3) The expected tax consequences, if any, of investment decisions
- (4) The effect of each investment or course of action on the overall investment portfolio
- (5) The expected total return from income and appreciation of investments
- (6) Other resources of the Foundation
- (7) The needs of the Foundation and the fund to make distributions and to preserve capital
- (8) An asset's special relationship or value, if any, to the Foundation's charitable purpose
- (9) The duration and preservation of the fund
- (10) The investment policy of the Foundation

At times, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain in a fund of perpetual duration. These deficiencies can result from unfavorable market fluctuations that occur in newer endowment funds, shortly after the investment of new permanently restricted contributions, or when there was continued appropriation for certain programs that were deemed prudent by the Board of Trustees. There were no underwater endowment funds as of June 30, 2024 or 2023.

As of June 30, 2023 and 2022, perpetual endowment funds with original gift values of \$5,484,544 and \$5,475,665, respectively, and fair values of \$7,902,545 and \$7,275,510, respectively, were reported in net assets with donor restrictions.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include the assets of donor-restricted funds that the Foundation must hold in perpetuity for a donor-specified period(s) as well as Board designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield return equal to the return obtainable by investing in one-year U.S. Treasury Bills over three years. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

# ESSEX COUNTY COMMUNITY FOUNDATION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements  
June 30, 2024 and 2023

## 5. ENDOWMENT FUNDS (Continued)

The Foundation's spending policy is determined each year and allows for appropriating up to five percent of its endowments' fair market value using a twenty-quarter rolling average. The spending policy adopted for fiscal years ending 2024 and 2023 was 4.5%. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowments to grow. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

The Articles of Organization of the Foundation, and most fund agreements, include a variance power provision which gives the Board of Trustees the power to modify any restriction or condition placed on gifts, if in its sole judgment, the Board determines that the restriction becomes, in effect, incapable of fulfillment or is inconsistent with the charitable needs of the community.

Endowment net asset composition by fund type as of June 30:

	<b>2024</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor created funds	\$ 13,963,851	\$ 7,902,545	\$ 21,866,396
Board designated funds	<u>3,744,932</u>	<u>-</u>	<u>3,744,932</u>
Total	<u>\$ 17,708,783</u>	<u>\$ 7,902,545</u>	<u>\$ 25,611,328</u>
	<b>2023</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor created funds	\$ 13,166,752	\$ 7,275,510	\$ 20,442,262
Board designated funds	<u>3,376,964</u>	<u>-</u>	<u>3,376,964</u>
Total	<u>\$ 16,543,716</u>	<u>\$ 7,275,510</u>	<u>\$ 23,819,226</u>

Changes in endowment net assets for the year ended June 30, 2024:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, beginning of the year	<u>\$ 16,543,716</u>	<u>\$ 7,275,510</u>	<u>\$ 23,819,226</u>
Investment return:			
Investment income	373,484	241,754	615,238
Appreciation/depreciation	<u>1,665,551</u>	<u>819,182</u>	<u>2,484,733</u>
Total investment return	<u>2,039,035</u>	<u>1,060,936</u>	<u>3,099,971</u>
Contributions	<u>443,095</u>	<u>8,879</u>	<u>451,974</u>
Appropriation of assets for expenditure	<u>(1,317,063)</u>	<u>(442,780)</u>	<u>(1,759,843)</u>
Endowment net assets, end of year	<u>\$ 17,708,783</u>	<u>\$ 7,902,545</u>	<u>\$ 25,611,328</u>

**ESSEX COUNTY COMMUNITY FOUNDATION, INC. AND SUBSIDIARY**

Notes to Consolidated Financial Statements  
June 30, 2024 and 2023

**5. ENDOWMENT FUNDS (Continued)**

Changes in endowment net assets for the year ended June 30, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of the year	\$ 15,705,977	\$ 6,580,965	\$ 20,286,942
Investment return:			
Investment income	426,539	227,025	653,564
Appreciation/depreciation	<u>1,180,671</u>	<u>501,348</u>	<u>1,682,019</u>
Total investment return	<u>1,607,210</u>	<u>728,373</u>	<u>2,335,583</u>
Contributions	<u>488,417</u>	<u>254,045</u>	<u>742,461</u>
Appropriation of assets for expenditure	<u>(1,257,887)</u>	<u>(287,873)</u>	<u>(1,545,760)</u>
Endowment net assets, end of year	\$ <u>16,543,716</u>	\$ <u>7,275,510</u>	\$ <u>23,819,226</u>

**6. PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Furniture and equipment	\$ 105,588	\$ 76,065
Less - accumulated depreciation	<u>(17,656)</u>	<u>(64,862)</u>
Property and equipment, net	\$ <u>87,932</u>	\$ <u>11,203</u>

**7. EMPLOYEE BENEFIT PLANS**

Effective January 1, 2018, the Foundation adopted a SIMPLE IRA Plan. Under this Plan, the Foundation may make matching contributions. The Foundation made employer contributions in the amount \$50,733 and \$53,592 in 2024 and 2023, respectively, which is included in taxes and benefits in the accompanying consolidated statements of functional expenses.

**8. LEASE AGREEMENTS**

The Foundation leased office space under an operating lease which expired on April 30, 2024. The Foundation entered into a new lease for office space through December 2034 starting in May 2024. Monthly rent payments escalate through the term of the new lease in amounts ranging from \$8,613 to \$11,238. The Foundation is in a no rent period until January 1, 2025, at which point payments on the lease will begin. The lease requires the Foundation to maintain certain insurance coverage and pay for its proportionate share of real estate taxes and operating expenses, as defined in the agreement. As of June 30, 2024, there were no material leases that have been executed but not yet commenced.

As noted in Note 2, the Foundation accounts for leases in accordance with ASC Topic 842 and records a ROU asset and lease liability upon the lease commencement date.

## ESSEX COUNTY COMMUNITY FOUNDATION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements  
June 30, 2024 and 2023

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### 8. LEASE AGREEMENTS (Continued)

In evaluating its contracts, the Foundation separately identifies lease and non-lease components, such as common area and other maintenance costs, in calculating the ROU assets and lease liabilities for its office building.

The scheduled minimum lease payments under the lease terms are as follows:

<u>Year Ending</u> <u>June 30:</u>	
2025	\$ 51,678
2026	104,906
2027	108,054
2028	111,295
2029	114,634
Thereafter	<u>694,294</u>
Total future lease payments	1,184,861
Less - discount to present value	(261,905)
Less - current portion	<u>(51,678)</u>
Operating lease liability	<u>\$ 871,278</u>

Operating lease expense was approximately \$96,000 for the years ended June 30, 2024 and 2023, and is included in occupancy in the accompanying consolidated statements of functional expenses.

The following summarizes the weighted-average remaining lease term and discount rate as of June 30, 2024:

	<u>2024</u>	<u>2023</u>
Weighted-average remaining lease term	10.50 years	0.8 years
Weighted-average discount rate	4.63%	2.84%

### 9. CONCENTRATION OF CREDIT RISK

The Foundation maintains its operational cash balance in a Massachusetts bank. The Federal Deposit Insurance Corporation insures balances at the bank up to certain amounts. At certain times during the year, the cash balance exceeded the insured amount. The Foundation has not experienced any losses in such accounts. The Foundation believes it is not exposed to any significant credit risk on its cash.

Investments are not insured and are subject to on-going market fluctuations.

### 10. FISCAL AGENCY LIABILITY

The Foundation acts as a fiscal agent for other organizations in the service area. The organizations place funds with the Foundation and direct the Foundation to disburse funds from time to time on the organizations' behalf. Fiscal agency funds reported in the consolidated statements of financial position represent undisbursed funds held by the Foundation on behalf of eleven organizations in the amount of \$2,189,190 and \$1,878,824 as of June 30, 2024 and 2023, respectively.

## ESSEX COUNTY COMMUNITY FOUNDATION, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements  
June 30, 2024 and 2023

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### 11. AGENCY ENDOWMENT FUNDS

An agency endowment arises when a transfer is received from a not-for-profit organization that specifies itself as the beneficiary. U.S. GAAP requires that the transfers received by a community foundation be accounted for as a liability as the transaction is deemed to be reciprocal. The agency endowments funds held by the Foundation as of June 30, 2024 and 2023, were \$20,611,011 and \$17,636,831, respectively.

### 12. LIQUIDITY AND AVAILABILITY

Financial assets available for use by the Foundation within one year from the consolidated statements of financial position date are as follows as of June 30:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 2,191,097	\$ 683,632
Investments	84,750,547	83,055,819
Distributions from annuitized split-interest agreements	-	97,628
Endowment spending policy distributions and appropriations	<u>1,528,747</u>	<u>1,584,977</u>
Total	<u>\$ 88,470,391</u>	<u>\$ 85,422,056</u>

To manage liquidity, the Foundation strives to maintain three to nine months of operating reserves on hand to meet current liquidity needs and address shortfalls in cash flow caused by seasonal revenue cycles. The operating reserves are maintained in investment accounts with asset allocations consistent with the investment policy.

The Foundation maintains accounts in funds. Resources for various purposes are classified into funds that are in accordance with activities or objectives specified by donors. Separate accounts are maintained for each fund. The Foundation charges each fund an annual administrative fee consistent with the Foundation's fund fees policy. The administrative fee serves as support for current operations.

In addition, the Foundation had \$3,744,932 and \$3,376,964 in Board designated funds functioning as endowment as of June 30, 2024 and 2023, respectively. Although the Board currently has no intention of doing so, these funds can be made available for general expenditure with Board approval.

### 13. RECLASSIFICATIONS

Certain amounts in the fiscal year 2023 consolidated financial statements have been reclassified to conform with the fiscal year 2024 presentation.