

**Cambridge Community
Foundation and Subsidiaries**

Consolidated Financial Statements
&
Independent Auditor's Report
June 30, 2024 and 2023

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Consolidated Financial Statements
June 30, 2024 and 2023**

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Independent Auditor's Report

To the Board of Directors of
Cambridge Community Foundation and Subsidiaries

Opinion

We have audited the accompanying consolidated financial statements of Cambridge Community Foundation and Subsidiaries (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Cambridge Community Foundation and Subsidiaries as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Cambridge Community Foundation and Subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Cambridge Community Foundation and Subsidiaries' 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 generally accepted auditing standards 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the 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 Cambridge Community Foundation and Subsidiaries' 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 Cambridge Community Foundation and Subsidiaries' 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2024, on our consideration of Cambridge Community Foundation and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Cambridge Community Foundation and Subsidiaries' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, in considering Cambridge Community Foundation and Subsidiaries' internal control over financial reporting and compliance.

Emphasis of Matter

As described in Note 2 to the financial statements, in 2024, the Foundation adopted Accounting Standards Update (ASU) 2016-13, "*Measurement of Credit Losses on Financial Instruments*." Our opinion is not modified with respect to this matter.

Anstiss & Co., P.C.

Anstiss & Co., P.C.
Chelmsford, MA
November 14, 2024

Cambridge Community Foundation and Subsidiaries
Consolidated Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,010,049	\$ 1,276,082
Investments - non-endowed	14,789,899	9,864,495
Mortgages receivable - current	48,486	46,173
Accounts receivable	62,919	-
Pledges receivable - current	160,000	1,041,376
Prepaid expenses and other assets	22,403	67,744
Total current assets	16,093,756	12,295,870
Long-term assets		
Mortgages receivable - non-current	197,597	219,642
Pledges receivable - non-current	160,000	9,000
Assets under operating leases - non-current	621,252	725,243
Endowment investments	45,013,956	41,488,405
Beneficial interest in CRUTs	633,868	551,427
Total long-term assets	46,626,673	42,993,717
Total assets	\$ 62,720,429	\$ 55,289,587
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 64,908	\$ 7,287
Grants payable	498,000	150,980
Compensation payable	27,884	27,610
Operating lease liability - current	67,531	71,600
Total current liabilities	658,323	257,477
Long-term liabilities		
Grants payable	466,766	170,268
Fiscal agency liability	-	181,127
Split-interest agreements	-	666
Agency endowment funds	1,400,504	1,282,196
Operating lease liability - non-current	568,786	655,580
Total long-term liabilities	2,436,056	2,289,837
Total liabilities	3,094,379	2,547,314
Net assets		
Without donor restrictions		
Undesignated	7,951,252	4,162,865
Designated for operating reserves	806,246	1,040,963
Designated for general liquidity	3,004,059	2,754,140
Designated for endowment	20,588,450	19,009,182
Total without donor restrictions	32,350,007	26,967,150
With donor restrictions		
Perpetual in nature	1,672,061	1,672,061
Purpose restricted	24,650,114	22,501,259
Time restricted	953,868	1,601,803
Total with donor restrictions	27,276,043	25,775,123
Total net assets	59,626,050	52,742,273
Total liabilities and net assets	\$ 62,720,429	\$ 55,289,587

See the accompanying notes to these consolidated financial statements.

Cambridge Community Foundation and Subsidiaries
Consolidated Statements of Activities and Change in Net Assets
For the Years Ended June 30, 2024 and 2023

	2024		2023	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Support and revenue		Total		Total
Contributions, grants and gifts	\$ 5,886,621	\$ 508,257	\$ 6,394,878	\$ 5,245,629
Government grants	-	573,815	573,815	684,945
Investment return	3,809,307	3,261,960	7,071,267	4,750,686
Change in value of beneficial interest in CRUTs	-	82,441	82,441	49,259
Mortgage interest	-	16,884	16,884	18,633
Other income	48,886	-	48,886	96,096
Net assets released from restrictions	2,942,437	(2,942,437)	-	(1,942,600)
Total support and revenue	12,687,251	1,500,920	14,188,171	10,845,248
Expenses				
Program services	5,707,301	-	5,707,301	4,348,799
Management and general	869,436	-	869,436	823,449
Fundraising	727,657	-	727,657	562,177
Total expenses	7,304,394	-	7,304,394	5,734,425
Change in net assets	5,382,857	1,500,920	6,883,777	5,110,823
Net assets at beginning of year	26,967,150	25,775,123	52,742,273	47,631,450
Net assets at end of year	\$ 32,350,007	\$ 27,276,043	\$ 59,626,050	\$ 52,742,273

See the accompanying notes to these consolidated financial statements.

Cambridge Community Foundation and Subsidiaries
Consolidated Statement of Functional Expenses
For the Years Ended June 30, 2024 and 2023

	2024			Total
	Program	General & Administrative	Fundraising	
Grants	\$ 4,665,836	\$ -	\$ -	\$ 4,665,836
Salaries and related	553,775	502,740	518,630	1,575,145
Professional fees - other	338,591	41,700	8,394	388,685
Communications and outreach	77,807	-	112,822	190,629
Office supplies and expenses	15,241	164,908	12,172	192,321
Legal and accounting	5,136	116,642	24,316	146,094
Occupancy	43,836	39,785	41,056	124,677
Direct fundraising expenses	-	-	9,617	9,617
Direct program costs	7,079	-	-	7,079
Insurance	-	2,816	-	2,816
Other expenses	-	845	650	1,495
Fundraising event	-	-	-	-
Total expenses included in the expense section on the statement of activities	<u>\$ 5,707,301</u>	<u>\$ 869,436</u>	<u>\$ 727,657</u>	<u>\$ 7,304,394</u>

	2023			Total
	Program	General & Administrative	Fundraising	
Grants	\$ 3,561,541	\$ -	\$ -	\$ 3,561,541
Salaries and related	414,109	515,039	470,485	1,399,633
Professional fees - other	132,625	22,444	9,915	164,984
Communications and outreach	186,897	61,856	13,020	261,773
Office supplies and expenses	8,954	100,305	2,930	112,189
Legal and accounting	-	67,564	-	67,564
Occupancy	31,686	39,616	36,026	107,328
Direct fundraising expenses	-	-	21,601	21,601
Direct program costs	12,987	-	-	12,987
Insurance	-	9,298	-	9,298
Other expenses	-	7,327	-	7,327
Fundraising event	-	-	8,200	8,200
Total expenses included in the expense section on the statement of activities	<u>\$ 4,348,799</u>	<u>\$ 823,449</u>	<u>\$ 562,177</u>	<u>\$ 5,734,425</u>

Cambridge Community Foundation and Subsidiaries
Consolidated Statements of Cash Flow
For the Years Ended June 30, 2024 and 2023

	2024	2023
Cashflows from operating activities		
Change in net assets	\$ 6,883,777	\$ 5,110,823
Adjustments to reconcile changes in net assets to net cash from operating activities		
Realized/unrealized gain on operating investments	(1,360,451)	109,527
Contributions restricted to endowment	(561,965)	(420,802)
Change in value of assets and liabilities under leases	13,128	1,291
Change in fiscal agency liability	(181,127)	(378,220)
Change in agency endowment funds	118,308	58,070
Change in beneficial interest in CRUTs	(82,441)	(49,259)
Endowment net investment return	(4,605,960)	(4,011,357)
Changes in assets and liabilities		
Decrease in mortgages receivable	19,732	18,580
(Increase) decrease in accounts receivable	(62,919)	40,830
Decrease (increase) in pledges receivable	730,376	(1,006,379)
Decrease (increase) in prepaid expenses and other assets	45,341	(56,684)
Increase (decrease) in accounts payable and accrued expenses	57,621	(18,370)
Increase in grants payable	643,518	116,835
Increase (decrease) in compensation payable	274	(1,295)
Net cash provided (used) by operating activities	1,657,212	(486,410)
Cash flows from investing activities		
Purchases of operating investments	(19,570,693)	(2,703,825)
Proceeds from the sale of operating investments	16,271,555	738,093
Withdrawal from endowment - net	1,376,559	1,973,768
Net cash (used) provided by investing activities	(1,922,579)	8,036
Cash flows from financing activities		
Collection of contributions restricted to endowment	-	2,500
Payments to beneficiaries of split-interest obligations	(666)	(10,000)
Net cash used by financing activities	(666)	(7,500)
Net decrease in cash and cash equivalents	(266,033)	(485,874)
Cash and equivalents - beginning of year	1,276,082	1,761,956
Cash and equivalents - end of year	\$ 1,010,049	\$ 1,276,082
Supplemental cash flow information		
Donated securities	\$ 886,940	\$ 897,982

See the accompanying notes to these consolidated financial statements.

Cambridge Community Foundation and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

NOTE 1 - FOUNDATION

Cambridge Community Foundation and Subsidiaries (the “Foundation”) is a not-for-profit corporation established in 1916. Its purpose is to provide grants to social service agencies serving Cambridge for special projects, operating support, programs and to serve as a civic leader.

The Foundation formed two single limited liability companies (the LLC’s) to hold private mortgage notes that were received through the estate of one of its major donors. The LLCs are treated as subsidiaries of the Foundation for financial reporting purposes. All intercompany activity has been eliminated.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The Foundation reports net assets and revenues, expenses, gains, and losses in accordance with the provisions of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-205, “*Presentation of Financial Statements.*” Under FASB ASC 958-205, financial information is classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

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 to 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 statement of activities as net assets released from restrictions.

Cambridge Community Foundation and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include time deposits and certificates of deposit 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 this definition.

Investments

The Foundation invests its assets in a manner that will 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. Investment decisions are made by the Foundation's Trustee Banks (Cambridge Trust Company and Bank of America). The Foundation's portfolio is managed by the Trustee Banks who invest according to the investment guidelines established by the Trustees and the Investment Committee.

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. Fair value is based on market value which is based upon quoted prices from principal exchanges on which the securities are traded. Investment return (including realized and unrealized gains and losses on investments, interest and dividends, net of investment management fees) is included in the current year change in net assets. Realized and unrealized investment gains and losses are determined by comparison of the difference between market values and average cost. Dividend and interest income is recognized when earned.

Fair Value Measurements

The Foundation follows the provisions of FASB ASC 820-10, "*Fair Value Measurements.*" FASB ASC 820-10 applies to reported balances that are required or permitted to be measured at fair value on a recurring basis under an existing accounting pronouncement. FASB ASC 820-10 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy consisting of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of financial instrument. Fair values for these

Cambridge Community Foundation and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements (continued)

instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable for the asset or liability which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

ASC 825-10 permits an entity to measure many financial instruments and certain other assets and liabilities at fair value on an instrument-by-instrument basis. The Foundation has not adopted any of the additional fair value options allowed in the standard. Management has determined that the fair values of its financial instruments not carried at fair value, including cash, receivables, and payables are substantially equivalent to their carrying values as of June 30, 2024 and 2023 because of their relatively short-term nature.

Mortgages Receivable

Mortgages receivable are stated at unpaid principal balances less the allowance for loan losses. Interest on loans is based upon the principal amount outstanding. Interest on loans is accrued except when in management's opinion the collectability of interest is doubtful, at which time the accrual of interest on the loan is discontinued. Loan interest received in advance of its due date is recorded as a deferred liability until such time that the interest is earned. These mortgage notes receivable were received from an estate of a benefactor and were not originated by the Foundation.

With respect to mortgages receivable, the Foundation's policy is to measure its allowance for doubtful accounts based on an evaluation of historical internal and external information and experience with collections, adjusting for the current economic conditions, and a reasonable and supportable forecast about future events that affect the collectability of receivables. Specific factors include current customer-specific risk characteristics, the customer's payment history and forecasted ability to pay, and other factors such as changes in the economy due to interest, inflation, and unemployment levels.

From time to time, there may be changes in current economic conditions, such as interest rates, inflation, and unemployment, among others, that may impact the overall economic outlook and change the forecast of the expected amount of receivables to be collected. In those situations, the Organization factors those changes into its computation of expected losses.

Cambridge Community Foundation and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Mortgages Receivable (continued)

In accordance with ASU 2016-13, “Financial Instruments – Credit Losses (Topic 362): Measurement of Credit Losses on Financial Instruments, the Foundation has implemented a policy of recording an allowance for doubtful accounts in the amount of 10% of mortgages receivable at the time of billing. There were no significant changes in the amount of mortgages written off or the allowance for doubtful accounts in 2023. As of June 30, 2024 and 2023, mortgages receivable were \$246,083 and \$265,815, net of an allowance of \$24,656 and \$26,916, respectively.

Pledges Receivable

Contributions are recognized when the donor makes a promise (pledge) to give to the Foundation that is, in substance, unconditional. Promises to give due next year are recorded at their net realizable value. Promises to give due in subsequent years are reported at the present value of their net realizable value, using a discount interest rate of 5% applicable to the years in which the promises are to be received.

Fixed Assets

Capitalized assets are recorded at cost if purchased or constructed, or at fair market value at the date of the gift, if donated. Maintenance, repairs, rearrangement expenses, and renewal and betterments that do not significantly enhance the value or increase the basic productive capacity of the assets are charged to expenses as incurred. The Foundation depreciates fixed assets under the straight-line method over the estimated useful lives of the assets as follows:

	<u>Years</u>
Furniture and fixtures	5-7
Computer equipment	3
Leasehold improvements	4

The Foundation reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of long-lived assets is measured by comparison to the future undiscounted net cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

Beneficial Interests

The Foundation has a beneficial interest in three irrevocable charitable remainder unitrusts (CRUTs). In accordance with ASC 958-605, “*Transfers of Assets to a Not-for Profit Organization or Charitable Trust that Raises or Holds Contributions for Others,*” the interests have been reported as assets of the Foundation. The assets are stated at the present value of the beneficial interests using a 5% interest rate and the life expectancy of the trustees. As of June 30, 2024 and 2023, the beneficial interest in CRUTs was \$633,868 and \$551,427, respectively.

Cambridge Community Foundation and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

FASB ASU 2016-02, “*Leases*,” requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The standard establishes a right-of-use model (ROU) that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for all leases. The Foundation has exercised the option under ASU 2016-02, to adopt a policy of expensing payments on operating leases with lease terms of twelve months or less. Under this standard, leases will be classified as either finance or operating, with classification affecting the recognition of expenses in the statement of activities.

Split-Interest Agreements

Charitable gift annuities are created to provide an annuity-type payment to a beneficiary with the principal transferred to the Foundation at the death of the beneficiary. Earnings and market gains are maintained within net assets with donor restrictions and are used to meet current or future annuity obligations. As of June 30, 2024 and 2023, the Foundation had \$335,957 and \$307,479, respectively, in cash and investments to meet future annuity obligations to be paid in fixed amounts during the beneficiaries’ lifetimes. The net present value of these estimated obligations has been recorded as a liability in the amount of \$666 as of June 30, 2023. As of June 30, 2024, there is no split-interest liability. The annuity obligations are estimates that may differ from amounts actually paid.

Agency Endowment Funds

Agency endowment arises when an irrevocable transfer is received from a not-for-profit organization that specifies itself as the beneficiary. FASB ASC 958-605, “*Revenue Recognition*,” requires that such transfers received by a community foundation be accounted for as a liability, as the transactions are deemed to be reciprocal.

Revenue Recognition

Program service fees are recognized when services are performed. Program service fees billed or collected in advance are recorded as deferred revenue until the services are performed. There was no deferred revenue as of June 30, 2024 and 2023.

A portion of the Foundation’s revenue is derived from state contracts and grants which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Foundation has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. There were no refundable advances as of June 30, 2024 and 2023.

Cambridge Community Foundation and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Contributions are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Gifts of assets other than cash are recorded at their estimated fair value as of the date of the gift. Pledges receivable are stated at the estimated net present value, net of an allowance for uncollectible amounts. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Gains and losses on investments, other assets, or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets by fulfillment of the donor-stipulated purpose or by passage of the stipulated time period are reported as reclassifications between the applicable classes of net assets.

In-Kind Contributions

No amounts have been reflected in the financial statements for the value of time contributed by volunteers because it does not meet recognition criteria prescribed by GAAP. However, a substantial number of volunteers have donated significant amounts of their time in various Foundation and fundraising activities. The Foundation also receives in-kind gifts of goods from various contributors. Donated goods, services, and fixed assets are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire fixed assets are reported as restricted contributions. The Foundation reports expiration of donor restrictions when donated or acquired assets are placed in service.

Functional Allocation of Expenses

The costs of providing the Foundation's various programs and supporting services have been summarized on a functional basis in the statements of functional expenses. The statements of functional expenses are required to present the natural classification detail of expenses by function, allocated on a reasonable basis that is consistently applied. Expenses that can be identified with a specific program and support services are allocated directly. Based on management's estimates, certain costs have been allocated among major classes of program services and supporting activities on a basis that is most appropriate for the cost allocated and that provides for a fair and equitable distribution. Salaries and wages, benefits, payroll taxes are allocated directly to the program for which the work has been done, based on each employee's function within the Foundation. For those whose positions cross multiple functions, an estimate of how their time is split across the functional areas is applied to their personnel costs and is evaluated mid-year for accuracy. Occupancy and communications costs are allocated based on full-time equivalents in each function. Other unallocable costs, general and administrative costs, and fundraising costs that are not identified with one or more programs are reported as management and general or fundraising as appropriate.

Cambridge Community Foundation and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The actual results could differ from those estimates.

Income Taxes and Uncertain Tax Positions

The Foundation, a trust under Chapter 180 of the Massachusetts General Laws as a tax-exempt entity, has been granted tax-exempt status under Internal Revenue Code (IRC) Section 501(c)(3) and is classified as other than a private foundation as defined by section 509(a) of the IRC. Therefore, it is generally exempt from federal and state income taxes. Accordingly, no provision for income taxes has been provided for in the accompanying financial statements.

ASC 740-10, "Accounting for Uncertainty in Income Taxes," requires the Foundation to evaluate and disclose tax positions that could have an effect on the Foundation's financial statements. The Foundation reports its activities to the Internal Revenue Service and to the Commonwealth of Massachusetts on an annual basis. These informational returns are generally subject to audit and review by the governmental agencies for a period of three years after filing. Management believes it is no longer subject to review by taxing authorities for periods before 2021. Substantially all of the Foundation's income, expenditures, and activities relate to its exempt purpose, therefore, management has determined that the Foundation is not subject to unrelated business income taxes and will continue to qualify as a tax-exempt not-for-profit entity.

Recent Accounting Pronouncement Adopted

On July 1, 2023, the Foundation adopted ASU 2016-13, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments," which replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, consisting of mortgage receivables. Under the CECL method, the Foundation adjusts its mortgages receivable for credit losses using an allowance account. The net amount of receivables less its allowance account represents the amount expected to be collected. The CECL methodology requires that the allowance account be measured based on various information that includes historical data and information, current economic conditions, and reasonable and supportable forecasted information about future events. Adoption of the standard did not materially impact the Foundation's change in net assets and had no impact on cash flows.

Cambridge Community Foundation and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

NOTE 3 – LIQUIDITY AND AVAILABILITY

Financial assets available within one year for general operating expenses, including grants, are as follows as of June 30th:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 203,803	\$ 235,119
Investments- non-endowed	11,785,840	7,376,170
Accounts receivable	62,919	-
Pledges receivable	160,000	1,041,376
Distributions from annuitized split-interest agreements	-	10,000
Endowment spending policy appropriations	1,043,273	1,018,855
	<u>\$13,255,835</u>	<u>\$ 9,681,520</u>

To manage liquidity, the Foundation strives to maintain three to six months of operating reserves on hand to meet current liquidity needs and address shortfalls in cash flow caused by seasonal revenue cycles. The administrative reserves will be maintained in money market accounts and will not be accessible to management for operations without approval by the board. In periods when there is excess cash on hand not required for current obligations, the surplus may be added to the operating reserves to either replenish amounts expended or increase available resources. The value of these funds as of June 30, 2024 and 2023 was \$806,246 and \$1,040,963, respectively.

The Board has a designated separate fund which may be used for general liquidity purposes. These funds are held in investment accounts with asset allocations consistent with the investment policy and include accumulated returns on these investments. Although the Board has no current intention to do so, if necessary, the Board has the authority to vote to utilize these funds for current operations. The value of these funds as of June 30, 2024 and 2023 was \$3,004,059 and \$2,754,140, respectively.

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 civic leadership and current operations. In addition, the Foundation receives gifts, contributions, and other donations that may be used for operations.

For endowed funds, the amount for annual grant distributions is based on a spending policy amount, which is calculated as a percentage of the twelve trailing quarters’ average market value. Historically, the spending policy has been 3.5% of this average value and is reviewed each fall. For donor-advised funds, the amount and timing of distributions are based on recommendations from donors. Grants are generally subject to Board oversight and approval.

Cambridge Community Foundation and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

NOTE 3 – LIQUIDITY AND AVAILABILITY (continued)

In addition, the Foundation had \$3,338,141 and \$3,122,820 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.

NOTE 4 – PLEDGES RECEIVABLE

Pledges receivable consisted of the following as of June 30th:

	2024	2023
Due within a year	\$ 160,000	\$ 1,041,376
Due in two to five years	160,000	9,000
Net pledges receivable	<u>\$ 320,000</u>	<u>\$ 1,050,376</u>

NOTE 5 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The Foundation uses fair value measurements to record adjustments to certain assets and liabilities and to determine fair value disclosures (Note 2). The following tables present the hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30th:

	Total	2024 Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
Cash equivalents	\$ 1,654,362	\$ 1,654,362	\$ -	\$ -
Equities				
Mutual funds	9,672,041	9,672,041	-	-
Common stocks	28,066,964	28,066,964	-	-
Exchange traded funds	7,297,323	7,297,323	-	-
Fixed income				
Corporate bonds	4,181,948	-	4,181,948	-
U.S. government bonds	8,931,217	-	8,931,217	-
Total	<u>\$ 59,803,855</u>	<u>\$ 46,690,690</u>	<u>\$ 13,113,165</u>	<u>\$ -</u>

Cambridge Community Foundation and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

NOTE 5 - FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	Total	2023		
		Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
Cash equivalents	\$ 2,411,895	\$ 2,411,895	\$ -	\$ -
Equities				
Mutual funds	11,669,982	11,669,982	-	-
Common stocks	21,616,286	21,616,286	-	-
Exchange traded funds	3,235,785	3,235,785	-	-
Fixed income				
Corporate bonds	4,122,098	-	4,122,098	-
U.S. government bonds	8,296,854	-	8,296,854	-
Total	\$ 51,352,900	\$ 38,933,948	\$ 12,418,952	\$ -

Investments classified in Level 2 consist of direct interest in bonds, which are thinly traded. Their classification of Level 2 is based on the Foundation's inability to access quoted prices in active markets for identical assets. Fair values for these bonds are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. The classification of investments in the fair value hierarchy is not necessarily an indication of the risk, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities.

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment is composed of the following as of June 30th:

	2024	2023
Furniture and fixtures	\$ 33,239	\$ 33,239
Total fixed assets	33,239	33,239
Less accumulated depreciation	(33,239)	(33,239)
Fixed assets - net	\$ -	\$ -

There was no depreciation expense for the years ended June 30, 2024 and 2023.

Cambridge Community Foundation and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

NOTE 7 – LINE OF CREDIT

The Foundation has a \$500,000 revolving line of credit agreement with Cambridge Trust. Interest is payable at the Wall Street Journal's prime rate (8.50% and 8.25% as of June 30, 2024 and 2023, respectively). Under no circumstances shall the interest rate in effect be less than 4% at any time. The line is secured by the Foundation's combined general fund. There was no outstanding balance as of June 30, 2024 and 2023.

NOTE 8 - NET ASSETS

Net assets consisted of the following at June 30, 2024 and 2023, respectively:

	2024		
	Without donor restrictions	With donor restrictions	Total
Operating funds	\$ 7,951,252	\$ -	\$ 7,951,252
Non-endowed funds	-	1,650,587	1,650,587
Designated operating reserves	806,246	-	806,246
Designated liquidity reserves	3,004,059	-	3,004,059
Held in mortgages	-	246,083	246,083
Pledges receivable	-	320,000	320,000
Beneficial interest in CRUTs	-	633,868	633,868
Endowment funds	20,588,450	24,425,505	45,013,955
	<u>\$32,350,007</u>	<u>\$27,276,043</u>	<u>\$59,626,050</u>
	2023		
	Without donor restrictions	With donor restrictions	Total
Operating funds	\$ 4,162,865	\$ -	\$ 4,162,865
Non-endowed funds	-	1,428,282	1,428,282
Designated operating reserves	1,040,963	-	1,040,963
Designated liquidity reserves	2,754,140	-	2,754,140
Held in mortgages	-	265,815	265,815
Pledges receivable	-	1,050,376	1,050,376
Beneficial interest in CRUTs	-	551,427	551,427
Endowment funds	19,009,182	22,479,223	41,488,405
	<u>\$26,967,150</u>	<u>\$25,775,123</u>	<u>\$52,742,273</u>

Cambridge Community Foundation and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

NOTE 8 - NET ASSETS (continued)

The endowment component of net assets without donor restrictions is comprised of amounts designated by the Board to function as endowment, which amounted to \$3,338,141 and \$3,122,820 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 \$1,672,061 consisting of 7 individual endowment funds and endowment receivables 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 Cambridge, Massachusetts which meet the charitable needs of the community.

In addition, there were net assets with donor restrictions consisting of restricted contributions that 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:

	2024	2023
Cumulative earnings - perpetual endowment funds		
Without purpose restrictions	\$ 3,335,744	\$ 2,879,373
With purpose restrictions	2,965,739	2,823,048
Subtotal	6,301,483	5,702,421
Other funds temporarily restricted for purpose	18,348,631	16,798,838
Other funds temporarily restricted for time	953,868	1,601,803
Total	\$25,603,982	\$24,103,062

Net assets 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 were as follows for the years ended June 30, 2024 and 2023:

	2024	2023
Expiration of time restrictions	\$2,942,437	\$1,942,600

NOTE 9 - ENDOWMENT FUND ACTIVITY

The Foundation's endowment consists of approximately 75 individual funds established for a variety of purposes. Its endowment consists of both donor-restricted endowment funds and funds established by the Board of Directors to function as endowments.

Cambridge Community Foundation and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

NOTE 9 - ENDOWMENT FUND ACTIVITY (continued)

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act, (“UPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies 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 perpetual endowment fund that is not classified as perpetual endowment is classified with other net assets with donor restriction until those amounts are 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 role that each investment or course of action plays within the overall investment portfolio of the fund
- (5) The expected total return from income and appreciation of investments
- (6) Other resources of the organization
- (7) The needs of the Foundation and the fund to make distributions and to preserve capital
- (8) An asset’s special relationship or special value, if any, to the charitable purposes of the Foundation
- (9) The duration and preservation of the fund
- (10) The investment policy of the Foundation

From time to time, 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 as 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 perpetual endowment contributions or when there was continued appropriation for certain programs that were deemed prudent by the Board of Directors. There were no deficiencies of this nature as of June 30, 2024 and 2023. As of June 30, 2024 and 2023, perpetual endowment funds with original gift values of \$1,672,061 and fair values of \$7,973,544 and \$7,374,481, were reported in net assets with donor restrictions, respectively.

Cambridge Community Foundation and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

NOTE 9 - ENDOWMENT FUND ACTIVITY (continued)

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 those 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 Directors, the endowment assets are invested in a manner that is intended to produce results that conform to the Total Return Concept while assuming a moderate level of investment risk. The Foundation expects its endowment funds to provide an average rate of return that exceeds a blended index return of the Russell 3000 Index, MSCI ACWI ex US Index, and the Barclays Aggregate Bond Index in a fixed 70%/30% ratio. 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.

The Foundation has a spending policy of appropriating grant distributions and fees, as described in detail in Note 3, which have resulted in an overall distribution of 4-5% of the endowment's fair value. 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 Foundation's Trust agreement includes a variance power provision which gives the Board of Directors 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.

Cambridge Community Foundation and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

NOTE 9 - ENDOWMENT FUND ACTIVITY (continued)

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

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor created funds	\$ 17,250,309	\$ 24,425,506	\$ 41,675,815
Board designated funds	3,338,141	-	3,338,141
	<u>\$ 20,588,450</u>	<u>\$ 24,425,506</u>	<u>\$ 45,013,956</u>
	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor created funds	\$ 15,886,362	\$ 22,479,223	\$ 38,365,585
Board designated funds	3,122,820	-	3,122,820
	<u>\$ 19,009,182</u>	<u>\$ 22,479,223</u>	<u>\$ 41,488,405</u>

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 19,009,182	\$ 22,479,223	\$ 41,488,405
Investment return:			
Investment income	1,021,568	1,282,404	2,303,972
Appreciation/depreciation	1,366,858	1,809,142	3,176,000
Total investment return	<u>2,388,426</u>	<u>3,091,546</u>	<u>5,479,972</u>
Contributions	561,965	-	561,965
Appropriation of assets for expenditure	(1,371,123)	(1,145,263)	(2,516,386)
Other changes	-	-	-
Endowment net assets, end of year	<u>\$ 20,588,450</u>	<u>\$ 24,425,506</u>	<u>\$ 45,013,956</u>

Cambridge Community Foundation and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

NOTE 9 - ENDOWMENT FUND ACTIVITY (continued)

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 17,641,358	\$ 21,409,736	\$ 39,051,094
Investment return:			
Investment income	860,337	686,675	1,547,012
Appreciation/depreciation	965,538	1,498,807	2,464,345
Total investment return	<u>1,825,875</u>	<u>2,185,482</u>	<u>4,011,357</u>
Contributions	419,552	1,250	420,802
Appropriation of assets for expenditure	(877,603)	(1,117,245)	(1,994,848)
Other changes	-	-	-
Endowment net assets, end of year	<u>\$ 19,009,182</u>	<u>\$ 22,479,223</u>	<u>\$ 41,488,405</u>

NOTE 10 – FISCAL AGENCY FUNDS

The Foundation acts as a fiscal agent for other organizations in Cambridge. The organizations place funds with the Foundation and direct the Foundation to disburse funds from time to time on their behalf. There were no undisbursed funds held by the Foundation as of June 30, 2024. Fiscal agency funds representing undisbursed funds held by the Foundation at June 30, 2023 were \$181,127.

NOTE 11 – AGENCY ENDOWMENT FUNDS

Agency endowment arises when a transfer is received from a not-for-profit organization that specifies itself as the beneficiary. GAAP requires that the transfers received by a community foundation be accounted for as a liability as the transaction is deemed to be reciprocal. Agency endowments held by the Foundation as of June 30, 2024 and 2023 were \$1,400,504 and \$1,282,196, respectively.

NOTE 12 – FISCAL SPONSORSHIP FUNDS

The Foundation serves as fiscal sponsor to various projects in Cambridge whereby non-exempt organizations wish to solicit tax-exempt contributions in support of a charitable program. These project funds are considered component funds of the Foundation and are undertaken with the Foundation's direct management and supervision of the donations collected on the projects' behalf.

Cambridge Community Foundation and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

NOTE 13 –LEASES

The Foundation occupies office space located at 99 Bishop Allen Ave., Cambridge, Massachusetts under an operating lease effective January 1, 2022 expiring December 31, 2026 and provides for monthly payments of \$7,532 through December 31, 2024, increasing thereafter every year for the initial lease term. This lease has an option to extend for an additional five-year period, expiring December 31, 2031, which the Foundation is more likely than not to exercise. Rent expense for the years ended June 30, 2024 and 2023 was \$103,511 and \$99,780, respectively.

In accordance with ASU 2016-02, “Leases,” the Foundation has recorded an operating lease liability of \$636,316 and \$727,180 as of June 30, 2024 and 2023, based on the present value of the remaining rental payments. A corresponding asset under the operating lease of \$621,252 and \$725,243, respectively, was recorded net of deferred straight-line rent of \$3,228 and \$1,937, respectively.

As of June 30, 2024, the Foundation had remaining lease obligations in the amount of \$636,316 maturing over a weighted average remaining lease term of 7.5 years based on the present value of remaining lease payments for the lease term at the Organizations weighted average discount rate of 4%. The operating lease matures as follows for the years ended June 30th:

2025	\$ 91,460
2026	93,612
2027	95,764
2028	97,916
2029	100,068
Thereafter	259,316
Total undiscounted cash flows	<u>738,136</u>
Less present value discount	(101,820)
Total lease liabilities	<u>\$ 636,316</u>

The Foundation rents parking spaces located in Cambridge, Massachusetts under a short-term operating lease effective January 1, 2024, expiring December 31, 2024 which provides for monthly payments of \$750.

NOTE 14 – EMPLOYEE BENEFIT PLANS

Effective January 1, 2018, the Foundation adopted a 403(b) Plan. Under this Plan, the Foundation may make discretionary non-elective contributions annually. Employer non-elective contributions in the amount of \$38,253 and \$34,148 were made for the fiscal years ended June 30, 2024 and 2023, respectively.

Cambridge Community Foundation and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

NOTE 15 - CONCENTRATIONS OF CREDIT RISK

The Foundation places its cash and equivalents with high quality financial institutions. These amounts are covered by Federal Deposit Insurance Corporation (FDIC) insurance and by state level insurance for balances in excess of FDIC limits. The Foundation has not experienced any losses in these accounts. Management routinely assesses the financial strength of these institutions in order to minimize this risk.

Investments are exposed to various risks such as market and credit risks. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in value of such investments, it is at least reasonably possible that changes in values in the near term could materially affect investment balances and the amounts reported in the financial statements.

NOTE 16 - RECLASSIFICATIONS

During 2024, certain amounts from prior year financial statements were reclassified to conform to current year presentation.

NOTE 16 - SUBSEQUENT EVENTS

ASC 855-10, "*Subsequent Events*," defines further disclosure requirements for events that occur after the consolidated statement of financial position date but before the consolidated financial statements are issued. In accordance with ASC 855-10, the Foundation's management has evaluated events subsequent to June 30, 2024 through November 14, 2024, which is the date the consolidated financial statements were available to be issued.

The Cambridge Community Foundation is in the process of converting its legal structure from a Trust form to a Corporate form. The Foundation expects that this transition will be completed in fiscal year ending June 30, 2025 or early in fiscal year ending June 30, 2026. There were no material events noted during this period that would either impact the results reflected in this report or the Foundation's results going forward.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Cambridge Community Foundation and Subsidiaries

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Cambridge Community Foundation and Subsidiaries (a nonprofit organization), 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, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 14, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Cambridge Community Foundation and Subsidiaries' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cambridge Community Foundation and Subsidiaries' internal control. Accordingly, we do not express an opinion on the effectiveness of Cambridge Community Foundation and Subsidiaries' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cambridge Community Foundation and Subsidiaries' consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Anstiss & Co., P.C.

Anstiss & Co., P.C.
Chelmsford, MA
November 14, 2024