

COMMUNITY FOUNDATION OF WESTERN MASSACHUSETTS
FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2025 AND 2024



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INDEPENDENT AUDITORS' REPORT

Trustees
Community Foundation of Western Massachusetts
Springfield, Massachusetts

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Community Foundation of Western Massachusetts, which comprise the statements of financial position as of March 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Community Foundation of Western Massachusetts as of March 31, 2025, and the changes in its net assets and its 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 Community Foundation of Western Massachusetts 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Foundation of Western Massachusetts' ability to continue as a going concern for one year after the date that the 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 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 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 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 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 Community Foundation of Western Massachusetts' 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Foundation of Western Massachusetts' 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.

Trustees
Community Foundation of Western Massachusetts

Other Matter

The financial statements of Community Foundation of Western Massachusetts, as of March 31, 2024 were audited by other auditors whose report dated August 27, 2024 expressed an unmodified opinion on those statements.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

West Hartford, Connecticut
August 19, 2025

COMMUNITY FOUNDATION OF WESTERN MASSACHUSETTS
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and Money Market Funds	\$ 14,989,064	\$ 11,155,973
Investments	271,420,072	263,067,785
Assets Held Under Split Interest Agreements	2,443,432	2,434,134
Receivables	37,434	150
Loans Receivable, Net of Allowance for Credit Losses of \$760,667 in 2025 and \$815,944 in 2024	2,942,809	2,979,749
Contributions Receivable	-	2,500,000
Prepaid Expenses	242,187	172,924
Property and Equipment, Net	56,081	63,510
Total Assets	<u>\$ 292,131,079</u>	<u>\$ 282,374,225</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 393,943	\$ 283,351
Grants Payable	4,441,975	23,100
Liabilities Under Split Interest Agreements	1,035,508	1,062,812
Agency Funds	28,098,298	26,304,989
Total Liabilities	<u>33,969,724</u>	<u>27,674,252</u>
NET ASSETS		
Without Donor Restrictions - Undesignated	76,954,222	76,360,697
Without Donor Restrictions - Board-Designated	2,677,785	2,300,910
With Donor Restrictions	178,529,348	176,038,366
Total Net Assets	<u>258,161,355</u>	<u>254,699,973</u>
Total Liabilities and Net Assets	<u>\$ 292,131,079</u>	<u>\$ 282,374,225</u>

See accompanying Notes to Financial Statements.

COMMUNITY FOUNDATION OF WESTERN MASSACHUSETTS
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2025

	Without Donor Restrictions	With Donor Restrictions	2025 Total
SUPPORT AND REVENUES			
Contributions, Net	8,616,322	\$ 6,304,732	\$ 14,921,054
Government Grants and Contracts	186,526	-	186,526
Investment Gains and Other Investment Activity:			
Interest and Dividend Income, Net	807,170	3,976,286	4,783,456
Realized and Unrealized Gains, Net	5,192,579	5,890,807	11,083,386
Change in Split Interest Agreements	-	37,237	37,237
Net Investment Activity	5,999,749	9,904,330	15,904,079
Administrative Revenue	591,769	-	591,769
Net Assets Released from Restrictions	13,718,080	(13,718,080)	-
Total Support and Revenues	29,112,446	2,490,982	31,603,428
EXPENSES			
Disbursements for Grants and Scholarships, Net	23,394,197	-	23,394,197
Operating Expenses	4,747,849	-	4,747,849
Total Expenses	28,142,046	-	28,142,046
CHANGE IN NET ASSETS	970,400	2,490,982	3,461,382
Net Assets - Beginning of Year	78,661,607	176,038,366	254,699,973
NET ASSETS - END OF YEAR	<u>\$ 79,632,007</u>	<u>\$ 178,529,348</u>	<u>\$ 258,161,355</u>

See accompanying Notes to Financial Statements.

COMMUNITY FOUNDATION OF WESTERN MASSACHUSETTS
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2024

	Without Donor Restrictions	With Donor Restrictions	2024 Total
SUPPORT AND REVENUES			
Contributions, Net	16,191,388	\$ 7,497,858	\$ 23,689,246
Government Grants and Contracts	911,006	-	911,006
Investment Gains and Other Investment Activity:			
Interest and Dividend Income, Net	2,396,089	3,215,997	5,612,086
Realized and Unrealized Gains, Net	7,239,703	20,894,536	28,134,239
Change in Split Interest Agreements	-	249,651	249,651
Net Investment Activity	9,635,792	24,360,184	33,995,976
Administrative Revenue	369,428	31,184	400,612
Net Assets Released from Restrictions	7,672,962	(7,672,962)	-
Total Support and Revenues	34,780,576	24,216,264	58,996,840
EXPENSES			
Disbursements for Grants and Scholarships, Net	15,060,428	-	15,060,428
Operating Expenses	4,705,595	-	4,705,595
Total Expenses	19,766,023	-	19,766,023
CHANGE IN NET ASSETS	15,014,553	24,216,264	39,230,817
Net Assets - Beginning of Year	63,647,054	151,822,102	215,469,156
NET ASSETS - END OF YEAR	<u>\$ 78,661,607</u>	<u>\$ 176,038,366</u>	<u>\$ 254,699,973</u>

See accompanying Notes to Financial Statements.

**COMMUNITY FOUNDATION OF WESTERN MASSACHUSETTS
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2025 AND 2024**

	Program Expenses	Management and General	Fundraising	2025 Total
Disbursements for Grants and Scholarships, Net	\$ 23,394,197	\$ -	\$ -	\$ 23,394,197
Employee Wages and Benefits	1,217,929	1,139,925	1,043,125	3,400,979
Professional Services	232,650	155,005	5,478	393,133
Office Expense	53,466	112,620	55,389	221,475
Information Technology	58,607	71,889	51,111	181,607
Bad Debt	172,141	-	-	172,141
Occupancy	51,840	55,807	53,089	160,736
Communications and Marketing	21,300	91,031	26,452	138,783
Conferences and Meetings	9,345	16,998	28,384	54,727
Travel	8,831	10,936	4,501	24,268
Total Expenses	<u>\$ 25,220,306</u>	<u>\$ 1,654,211</u>	<u>\$ 1,267,529</u>	<u>\$ 28,142,046</u>
	Program Expenses	Management and General	Fundraising	2024 Total
Disbursements for Grants and Scholarships, Net	\$ 15,060,428	\$ -	\$ -	\$ 15,060,428
Employee Wages and Benefits	1,122,405	1,018,452	918,797	3,059,654
Professional Services	159,696	235,183	1,325	396,204
Office Expense	46,504	81,953	47,031	175,488
Information Technology	44,647	51,119	41,370	137,136
Bad Debt	549,928	-	-	549,928
Occupancy	58,997	62,436	60,033	181,466
Communications and Marketing	9,952	66,603	11,219	87,774
Conferences and Meetings	20,276	46,195	38,043	104,514
Travel	4,655	3,396	5,380	13,431
Total Expenses	<u>\$ 17,077,488</u>	<u>\$ 1,565,337</u>	<u>\$ 1,123,198</u>	<u>\$ 19,766,023</u>

See accompanying Notes to Financial Statements.

**COMMUNITY FOUNDATION OF WESTERN MASSACHUSETTS
STATEMENTS OF CASH FLOWS
YEAR ENDED MARCH 31, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 3,461,382	\$ 39,230,817
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	20,040	29,786
Bad Debt	(55,277)	429,576
Net Realized and Unrealized Gains on Investments	(11,083,386)	(31,654,585)
Gifted Securities Not Liquidated	-	(10,544,478)
Net Changes in Operating Assets and Liabilities:		
Receivables, Net of Write-Offs	191,784	507,360
Contributions Receivable	2,500,000	-
Prepaid Expenses	(69,263)	(96,036)
Donated Investments Immediately Liquidated	3,826,762	2,948,126
Accounts Payable and Accrued Expenses	110,592	46,729
Grants Payable	4,418,875	(64,800)
Liabilities Under Split Interest Agreements	(27,304)	22,578
Agency Funds	1,793,309	3,944,733
Net Cash Provided by Operating Activities	<u>5,087,514</u>	<u>4,799,806</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(46,023,631)	(40,146,292)
Proceeds from the Sales and Maturities of Investments	44,918,670	35,807,260
Purchases of Property and Equipment	(12,611)	(5,615)
Loan Proceeds	496,149	319,391
Loan Disbursements	(633,000)	(723,000)
Net Cash Used by Investing Activities	<u>(1,254,423)</u>	<u>(4,748,256)</u>
NET INCREASE IN CASH AND MONEY MARKET FUNDS	3,833,091	51,550
Cash and Money Market Funds - Beginning of Year	<u>11,155,973</u>	<u>11,104,423</u>
CASH AND MONEY MARKET FUNDS - END OF YEAR	<u><u>\$ 14,989,064</u></u>	<u><u>\$ 11,155,973</u></u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid for Taxes	<u><u>\$ 1,884</u></u>	<u><u>\$ 1,689</u></u>
Loan Receivable Write-Offs	<u><u>\$ 229,067</u></u>	<u><u>\$ 120,352</u></u>

See accompanying Notes to Financial Statements.

COMMUNITY FOUNDATION OF WESTERN MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024

NOTE 1 NATURE OF OPERATIONS

The Community Foundation of Western Massachusetts (the Foundation) was established by a trust instrument effective November 15, 1990. The Foundation is a nonprofit foundation which administers and distributes funds to worthy organizations, students, and causes throughout Hampden, Hampshire, and Franklin Counties. The Foundation's programs are supported primarily by contributions and investment returns.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting. Accordingly, assets are recorded when the Foundation obtains the rights of ownership or is entitled to claims for receipt and liabilities are recorded when the obligation is incurred.

Net Assets

The Foundation presents information regarding its financial position and activities according to two classifications of net assets described as follows:

Net Assets Without Donor Restrictions – Resources include donor-advised funds and all resources over which the governing board has discretionary control. The governing board of the Foundation may elect to designate such resources for specific purposes. This designation may be removed at the board's discretion.

Net Assets With Donor Restrictions – Resources accumulated through donations or grants for specific operating or capital purposes. Such resources will become unrestricted when the requirements of the donor or grantor have been satisfied through expenditure for the specified purpose or program or by the passage of time. This category includes those funds which allow the Foundation to adhere to its current spending policy. Net assets with donor restrictions also include assets which are intended to be held in perpetuity, and the related accumulated unspent appreciation and earnings on such funds. Investment income may be either an unrestricted or temporarily restricted resource when earned, determined according to the gift instruments. The Foundation utilizes a total return concept for payout as described in the investment policies and procedures.

**COMMUNITY FOUNDATION OF WESTERN MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Money Market Funds

The Foundation considers all short-term investments with an original maturity date of 90 days or less to be cash and money market funds (a cash equivalent). Cash equivalents within the investment portfolio at March 31, 2025 and 2024, were \$3,386,518 and \$2,437,628, respectively.

Loans Receivable

As part of their mission, the Foundation advances loans to eligible students. These loans are unsecured and recorded at amortized cost less a reserve for uncollectible balances. The collection of these loans begins 90 days after the student has graduated, at which time regular payments are made for up to five years. These loans are noninterest bearing.

On April 1, 2023, the Foundation adopted Accounting Standards Update No. 2016-13, *Measurement of Credit Losses on Financial Instruments*, and its related amendments. The new standard changes the impairment model for most financial assets that are measured at amortized cost and certain other instruments, including loans receivable, from an incurred loss model to a current and expected loss model and adds certain new required disclosures. Under the current and expected loss (CECL) model, entities recognize credit losses to be incurred over the entire contractual term of the instrument rather than delaying recognition of credit losses until it is probable the loss has been incurred. In accordance with Accounting Standards Codification (ASC) 326, the Foundation evaluates certain criteria, including aging and historical write-offs, current economic condition of customers and future economic conditions to determine the appropriate allowance for credit losses. An allowance for credit losses is recorded based upon management's evaluation of the collectability of individual student accounts (Note 7). The adoption of ASC 326 did not have a significant impact on the Foundation's financial statements. Bad debts, including the change in the allowance for credit losses, for the year ending March 31, 2025 and 2024, were \$172,141 and \$549,928, respectively. The Foundation paid fees to assist with the administration of these loans of \$40,407 in 2025 and \$34,439 in 2024, respectively.

Investments Including Endowments

Investments are stated at fair value using methodologies discussed in Notes 4 and 5. Gains and losses that result from market fluctuations are recognized in the period such fluctuations occur. Realized gains and losses resulting from sales or maturities are calculated on a specific identification basis. Investment activity is reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of uncertainty related to changes in interest rates, market volatility and credit risks, it is at least reasonably possible that changes in these risks could materially affect the fair value of investments and related activity reported on the financial statements.

**COMMUNITY FOUNDATION OF WESTERN MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments Including Endowments (Continued)

The Foundation's investments also include limited partnership interests in private equity hedge funds and certain other funds (Funds) whose underlying investments are comprised of other funds and partnerships. These Funds make investments that include both publicly traded investments as well as others that do not have readily ascertainable market values. Certain interests may be subject to withdrawal restrictions. The underlying investments within these funds primarily include private equity, venture capital, distressed companies, oil and gas, timber, and real estate.

The managers of the Funds that hold certain nonmarketable investments initially value these investments at cost. They require that changes in value be established by meaningful third-party transaction or a significant development in the financial condition or operating performance of the issuer. To the extent that the Funds hold marketable securities in the underlying partnerships or funds, the managers of the Funds value the investments in these funds based upon the quoted market values as provided by the managers or fund managers of the underlying funds. The Foundation values its investments in such Funds in accordance with valuations provided by the managers of the Funds. The Foundation's management may, in addition, consider other factors in assessing the fair value of these investments.

The Foundation manages its investment portfolio in a manner consistent with the Massachusetts Uniform Prudent Management of Institutional Funds Act (MPMIFA). MPMIFA allows prudent appropriation of the total return on donor restricted endowment funds taking into consideration the Foundation's long- and short-term needs, present and anticipated financial requirements, expected future total return on its investments, price level trends, and general economic conditions. The Trustees have authorized a spending policy based on 4.25% of a trailing thirteen-quarter rolling market value of these funds. This policy is designed to preserve the value of donor-restricted endowment funds in real terms (after inflation) and provide a predictable flow of funds to support Foundation activities. Although not required by state law, the same spending policy is followed for the donor restricted purpose funds. For the year ended March 31, 2025 and 2024, the Foundation had approximately \$6,420,400 and \$6,454,054, respectively, of this return available for spending, of which the Foundation utilized \$6,217,153 and \$6,197,251, respectively.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed on a straight-line basis over the estimated useful lives of the respective assets ranging from 3 to 10 years. Maintenance and repairs are charged to expense as incurred.

The Foundation follows the policy of capitalizing property that costs more than \$5,000.

COMMUNITY FOUNDATION OF WESTERN MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Liabilities Under Split Interest Agreements

Assets held in charitable trusts and charitable gift annuities are recorded as follows:

Charitable Trusts

The Foundation serves as trustee for various charitable remainder trusts. Under the terms of these agreements, the Foundation makes distributions to income beneficiaries for a given term or the life of the beneficiaries. At the end of the term, or upon the death of the income beneficiaries, assets remaining in the trust will be transferred to the Foundation. The Foundation records the assets held in these trusts at their fair value based on current quoted market values and records a liability for the respective agreements at the estimated discounted value of the amounts due to the income beneficiaries based on Internal Revenue Service group annuity tables. The present value of payments to beneficiaries under these agreements is calculated using discount rates representing risk-free rates in existence at the date of the gift. Gains or losses resulting from changes in the value of split interest agreements are recorded in the statement of activities.

Charitable Gift Annuities

Donors have contributed assets to the Foundation in exchange for a promise by the Foundation to pay a fixed amount for a specified period of time to the donor or to individuals designated by the donor. Under the terms of such agreements, no trust exists, as the assets received are held by and the liability is an obligation of the Foundation. The present value of payments to beneficiaries under these agreements is calculated using discount rates representing risk-free rates in existence at the date of the gift.

Agency Funds

There are times when the Foundation accepts contributions from a donor and agrees to transfer those assets, the return on investment of those assets, to a nonprofit 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, the Foundation must account for the transfer of such assets, the return on investment of those assets, or both, as a liability rather than as a contribution.

Amounts received, distributed and earned under these relationships totaled \$1,891,803, \$1,174,016 and \$1,646,795, respectively, for the year ended March 31, 2025 and \$1,145,410, \$522,231 and \$3,520,346, respectively, for the year ended March 31, 2024.

The amounts received but not yet distributed totaled \$28,098,298 and \$26,304,989 at March 31, 2025 and 2024, respectively, and are separately identified on the statements of financial position.

COMMUNITY FOUNDATION OF WESTERN MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

The Foundation reports unconditional promises to give as revenue when the promise is received. Conditional promises to give are recognized as revenue when the condition is met. Contributions received are recorded as with or without donor restrictions depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions and conditions are met in the same reporting period have been reported as support increasing net assets without donor restrictions in the statement of activities. Contributions of assets other than cash are recorded at their fair value on the date of the gift.

Grants Paid

Grants are recorded as expense and accrued as a liability when approved by the Distribution Committee. Conditional grants are expensed when the specific conditions are met. Grants payable were \$4,441,975 and \$23,100 at March 31, 2025 and 2024, respectively. There are no conditional grants at March 31, 2025. See Note 10.

Income Taxes

The Foundation is a nonprofit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) and is classified as an organization that is not a private foundation as defined in Section 509(a) of the Internal Revenue Code. The Foundation monitors its activities, and it considers the potential for income taxes if any activities are not related to its exempt purpose.

Uncertain Tax Positions

Professional accounting standards provide detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an enterprise's financial statements. They require an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. A tax position is deemed to include such things as the Foundation's tax-exempt status.

Management has analyzed the tax positions taken by the Foundation and has concluded that, as of March 31, 2025, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Foundation's tax returns are subject to examination by taxing authorities for all years ended on or after March 31, 2022.

Contributed Services

The Foundation pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Foundation with specific programs, gift solicitations, and various committee assignments. The value of this contributed time and service is not reflected in these statements since it is not susceptible to objective measurement or valuation.

COMMUNITY FOUNDATION OF WESTERN MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The statement of functional expenses presents the nature and function of expenses. Expenses that can be identified with a specific program or supporting function are charged directly to that program or support function. Expenses that are attributed to multiple functions are allocated using a reasonable allocation method that is consistently applied. Salaries and related costs are allocated based on staff functions.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

NOTE 3 LIQUIDITY

Financial assets available for use by the Foundation within one year from March 31, are as follows:

	<u>2025</u>	<u>2024</u>
Financial Assets at Year-End:		
Cash and Money Market Funds	\$ 14,989,064	\$ 11,155,973
Investments	273,863,504	265,501,919
Accounts Receivable	37,434	150
Contributions Receivable	-	2,500,000
Loans Receivable	2,942,809	2,979,749
Total Financial Assets	<u>291,832,811</u>	<u>282,137,791</u>
Less Amounts Not Available to be Used Within One Year:		
Loans and Contributions Receivable	(2,942,809)	(5,479,749)
Assets Held Under Charitable Trusts	(2,443,432)	(2,434,134)
Agency Funds	(28,098,298)	(26,304,989)
Donor-Restricted Funds (Temporary/Permanent)	(173,143,107)	(168,124,482)
Board Designated	(2,433,896)	(2,067,981)
Donor/Agency Advised Funds	<u>(72,963,635)</u>	<u>(70,206,261)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u><u>\$ 9,807,634</u></u>	<u><u>\$ 7,520,195</u></u>

COMMUNITY FOUNDATION OF WESTERN MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024

NOTE 3 LIQUIDITY (CONTINUED)

The above table reflects board-designated funds as unavailable because it is the Foundation's intention to invest these resources for long-term support of the Foundation. However, in the case of need, the Trustees could make these board-designated funds available for general use. The Foundation has no outstanding debt and has no plan to incur any debt.

NOTE 4 INVESTMENTS AND ASSETS HELD UNDER CHARITABLE TRUSTS INCLUDING ENDOWMENTS

The Foundation Trustees, as the governing board, are responsible for oversight of the Foundation's investments. Implementation of investment policy, including the selection of investment managers, has been delegated by the Foundation Trustees to its Investment Committee. Investments authorized by the Investment Committee include high quality, readily marketable equity and fixed income securities; other types of investments may be made with the prior approval of the Foundation Trustees.

The Foundation's investment portfolio consists of a number of investment pools in which a large number of individual funds (donor-restricted endowment funds and funds functioning as endowment funds) participate in order to benefit from the diversification and economies of scale. The primary investment objective of the long-term investment portfolios is growth of principal sufficient to preserve purchasing power and to provide income to support current and future activities of the Foundation.

The Trustees have authorized a spending policy based on 4.25% of a thirteen-quarter rolling market value of the funds, as discussed in Note 2.

Investments, including assets held under charitable trusts (collectively, Investments), at March 31 are as follows:

	2025 Fair Value	2024 Fair Value
Mutual Funds	\$ 204,186,969	\$ 195,655,404
U.S. Government Obligations	4,391,992	3,191,345
Municipal and Corporate Bonds	13,443,238	8,352,635
Common Stocks	17,928,715	20,604,598
Collective Trust Fund	33,277,539	36,108,087
Limited Partnerships	635,051	1,589,850
Total Investments and Assets Held Under Charitable Trusts	<u>\$ 273,863,504</u>	<u>\$ 265,501,919</u>

Approximately 83% of investments are reported at fair value based on quoted market prices (Level 1 investments – see Note 5) at March 31, 2025 and 2024, respectively. The remaining investments are reported at estimated fair value as determined by management based upon various valuation techniques developed by the general partners or investment managers. Because these investments are not readily marketable, their reported values are subject to additional uncertainty, and therefore values realized upon disposition may vary significantly from the currently reported amounts.

COMMUNITY FOUNDATION OF WESTERN MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024

NOTE 4 INVESTMENTS AND ASSETS HELD UNDER CHARITABLE TRUSTS INCLUDING ENDOWMENTS

Investments are carried at fair value and are based on quoted market prices, except for certain alternative investments such as limited partnership interests, for which quoted market prices are not available (see Note 5).

NOTE 5 FAIR VALUE MEASUREMENTS

A fair value hierarchy that prioritizes the inputs is used to measure fair value. An asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. This hierarchy prioritizes the inputs into three broad levels as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. As a practical expedient, certain investments are measured at fair value on the basis of net asset value; its classification as Level 2 or 3 will be impacted by the ability to redeem the investment at net asset value at the measurement date. If there is uncertainty or the inability to redeem an investment at net asset value in the near term subsequent to the measurement date, the investment is categorized as Level 3.

Certain investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) practical expedient, which is a reasonable estimate of fair value, have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

There were no changes in the valuation techniques during 2025.

COMMUNITY FOUNDATION OF WESTERN MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

Assets measured at fair value on a recurring basis at March 31 were as follows:

	Total 2025	Quoted Prices in Active Markets for Identical Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Investments Measured at NAV
ASSETS					
Mutual Funds:					
Equity Index Funds	\$ 154,531,893	\$ 121,254,354	\$ -	\$ -	\$ 33,277,539
Bond Index Funds	35,665,923	35,665,923	-	-	-
Balanced Funds	226,031	226,031	-	-	-
Income Funds	32,649,371	32,649,371	-	-	-
Bond Funds	14,391,290	14,391,290	-	-	-
U.S. Government Obligations	4,391,992	4,391,992	-	-	-
Municipal and Corporate Bonds:					
Municipal	2,942,047	-	2,942,047	-	-
Corporate	10,501,191	-	10,501,191	-	-
Common Stocks:					
Energy	56,473	56,473	-	-	-
Financial Services	4,597,700	4,597,700	-	-	-
Consumer Goods	742,724	742,724	-	-	-
Industrials	2,899,314	2,899,314	-	-	-
Health Care	1,006,269	1,006,269	-	-	-
Materials	1,221,626	1,221,626	-	-	-
Technology	5,622,218	5,622,218	-	-	-
Telecommunications	1,163,071	1,163,071	-	-	-
Utilities	18,170	18,170	-	-	-
Real Estate	601,150	601,150	-	-	-
Limited Partnerships:					
Private Equity Venture Capital	407,361	-	-	-	407,361
Natural Resources	135,334	-	-	-	135,334
Real Estate	92,356	-	-	-	92,356
Totals	<u>\$ 273,863,504</u>	<u>\$ 226,507,676</u>	<u>\$ 13,443,238</u>	<u>\$ -</u>	<u>\$ 33,912,590</u>
LIABILITIES					
Liabilities Under Split Interest Agreements	<u>\$ 1,035,508</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,035,508</u>	<u>\$ -</u>

COMMUNITY FOUNDATION OF WESTERN MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

	Total 2024	Quoted Prices in Active Markets for Identical Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Investments Measured at NAV
ASSETS					
Mutual Funds:					
Equity Index Funds	\$ 149,764,702	\$ 113,656,615	\$ -	\$ -	\$ 36,108,087
Bond Index Funds	\$ 34,754,118	34,754,118	-	-	-
Balanced Funds	\$ 224,763	224,763	-	-	-
Income Funds	\$ 32,688,860	32,688,860	-	-	-
Bond Funds	\$ 14,331,048	14,331,048	-	-	-
U.S. Government Obligations	3,191,345	3,191,345	-	-	-
Municipal and Corporate Bonds:					
Municipal	3,682,360	-	3,682,360	-	-
Corporate	4,670,275	-	4,670,275	-	-
Common Stocks:					
Financial Services	4,263,657	4,263,657	-	-	-
Consumer Goods	3,168,658	3,168,658	-	-	-
Industrials	2,591,165	2,591,165	-	-	-
Health Care	1,801,402	1,801,402	-	-	-
Materials	1,002,947	1,002,947	-	-	-
Technology	5,625,912	5,625,912	-	-	-
Telecommunications	1,596,286	1,596,286	-	-	-
Utilities	438,511	438,511	-	-	-
Real Estate	665,360	665,360	-	-	-
Limited Partnerships:					
Private Equity Venture Capital	688,758	-	-	-	688,758
Natural Resources	250,767	-	-	-	250,767
Real Estate	101,025	-	-	-	101,025
Totals	<u>\$ 265,501,919</u>	<u>\$ 220,000,647</u>	<u>\$ 8,352,635</u>	<u>\$ -</u>	<u>\$ 37,148,637</u>
LIABILITIES					
Liabilities Under Split Interest Agreements	<u>\$ 1,062,812</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,062,812</u>	<u>\$ -</u>

Mutual Funds, Common Stocks, and U.S. Government Obligations – Valued at closing price reported on the active market on which the individual securities are traded.

Municipal and Corporate Bonds – Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, those corporate bonds are valued under a discounted cash flow approach that maximizes observable inputs, such as current yields or similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

COMMUNITY FOUNDATION OF WESTERN MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

Limited Partnerships – Underlying investments are valued at the closing prices reported on the active market on which the individual securities are traded. Included in the portfolios are securities that are not actively or frequently traded, and for which public information can be minimal or not available. Partnerships are valued using significant unobservable inputs as determined in good faith under procedures established by and under the general supervision of the trustee or the investment manager.

Level 3 Fair Value Measurements

There were no limited partnership purchases for the year ended March 31, 2025 and 2024. There was one new agreement for liabilities under unitrust agreements for the years ended March 31, 2024. Terminations of agreements for liabilities under unitrust agreements were \$0 and \$8,523 for the years ended March 31, 2025 and 2024, respectively.

The following table describes the valuation techniques used for fair value measurements for liabilities in Level 3 of the fair value hierarchy.

Quantitative Information About Level 3 Fair Value Measurements				
	Fair Value at March 31, 2025	Valuation Techniques	Unobservable Inputs	Range (Weighted Average)
Liabilities Under Split Interest Agreements	\$ 1,035,508	Present Value Based on Life Expectancies	Present Value	4.3% - 6.8%

Quantitative Information About Level 3 Fair Value Measurements				
	Fair Value at March 31, 2024	Valuation Techniques	Unobservable Inputs	Range (Weighted Average)
Liabilities Under Split Interest Agreements	\$ 1,062,812	Present Value Based on Life Expectancies	Present Value	4.3% - 6.8%

COMMUNITY FOUNDATION OF WESTERN MASSACHUSETTS
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NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

Additional information regarding investments that report fair value based on net asset value per share or unit as of March 31 is as follows:

2025				
	Fair value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity Index Funds	\$ 33,277,539	\$ -	Liquid	N/A
Private Equity Venture Capital	407,361	84,195	N/A	Illiquid
Natural Resources	135,334	13,500	N/A	Illiquid
Real Estate	92,356	-	N/A	Illiquid
Total	<u>\$ 33,912,590</u>	<u>\$ 97,695</u>		

2024				
	Fair value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity Index Funds	\$ 36,108,087	\$ -	Liquid	N/A
Private Equity Venture Capital	688,758	84,195	N/A	Illiquid
Natural Resources	250,767	13,500	N/A	Illiquid
Real Estate	101,025	-	N/A	Illiquid
Total	<u>\$ 37,148,637</u>	<u>\$ 97,695</u>		

NOTE 6 CONTRIBUTIONS RECEIVABLE

Contributions receivable at March 31, 2024, were made up of one pledge of \$2,500,000 that was paid during fiscal year 2025.

NOTE 7 LOANS RECEIVABLE

Loans receivable at March 31 are as follows:

	2025	2024
Loans Receivable	\$ 3,703,476	\$ 3,795,693
Less: Reserve for Credit Losses	(760,667)	(815,944)
Net Loans Receivable	<u>\$ 2,942,809</u>	<u>\$ 2,979,749</u>

The loans, primarily advances to students, are unsecured and noninterest bearing with collection periods of up to five years.

COMMUNITY FOUNDATION OF WESTERN MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024

NOTE 8 PROPERTY AND EQUIPMENT

Property and equipment at March 31 are as follows:

	2025	2024
Computer, Equipment, and Furniture	\$ 214,924	\$ 202,313
Leasehold Improvements	61,632	61,632
Subtotal	276,556	263,945
Less: Accumulated Depreciation	(220,475)	(200,435)
Total Property and Equipment	<u>\$ 56,081</u>	<u>\$ 63,510</u>

Depreciation expense was \$20,040 and \$29,786 for the years ended March 31, 2025 and 2024, respectively.

NOTE 9 EMPLOYEE BENEFIT PLAN

The Foundation has a defined contribution 401(k) Profit Sharing Plan. All full-time employees are eligible to participate through voluntary tax deferred contributions. The Foundation contributes 7% of each eligible participant's annual gross salary and matches up to 2% of any voluntary contributions after completing one year of service. The plan expense was \$203,854 and \$156,900 for the years ended March 31, 2025 and 2024, respectively.

NOTE 10 GRANTS PAYABLE

Grants payable beyond 12 months from the statement of financial position date are discounted to reflect fair market value using a risk-free interest rate.

The carrying amount of grants payable is based on the present value of expected cash flows, calculated using discount rates determined at the date of the gift. Management does not believe that the carrying amount differs materially from fair value.

Grants authorized but unpaid as of year-end are reported as liabilities. The following is a summary of grants authorized and payable at March 31, 2025:

To be Paid in Less than One Year	\$ 2,415,308
To be Paid in One to Five Years	2,026,667
Total	4,441,975
Less: Discount	-
Net Unconditional Grants Payable	<u>\$ 4,441,975</u>

NOTE 11 RELATED PARTY TRANSACTION

Certain Trustees are distribution advisors to various funds held by the Foundation. The Foundation also receives contributions from Trustees. Total donations from Trustees were \$511,734 and \$295,040 in 2025 and 2024, respectively.

COMMUNITY FOUNDATION OF WESTERN MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024

NOTE 12 NET ASSETS

Net assets without donor restrictions include certain amounts that the Trustees have designated as a reserve for operations. Net assets without donor restrictions as of March 31 are comprised of the following:

	<u>2025</u>	<u>2024</u>
Designated by the Trustees for:		
Operating Reserves	\$ 243,889	\$ 232,929
Quasi-Endowment	2,433,896	2,067,981
Undesignated	<u>76,954,222</u>	<u>76,360,697</u>
Total	<u>\$ 79,632,007</u>	<u>\$ 78,661,607</u>

Net assets with donor restrictions as of March 31 are comprised of the following:

	<u>2025</u>	<u>2024</u>
Colgan and Sutton Annen Loan Funds	\$ 10,211,956	\$ 10,279,079
Gifts Restricted to Particular Purposes	162,101,317	157,043,212
Gifts Restricted to Time	-	2,500,000
Funds Held in Perpetuity	<u>6,216,075</u>	<u>6,216,075</u>
Total	<u>\$ 178,529,348</u>	<u>\$ 176,038,366</u>

During the year ended March 31, 2025, net assets released from restrictions to support the Foundation's activities, as follows:

	<u>2025</u>	<u>2024</u>
Grant Expenditure and Other Qualifying Expenses	<u>\$ 13,718,080</u>	<u>\$ 7,672,962</u>

NOTE 13 CONCENTRATIONS AND CREDIT RISKS

During 2025, there were two donors who made 34% of total contributions. During 2024, there were two donors who made 54% of total contributions.

The Foundation maintains its cash balances at various banks and other financial institutions. Cash balances at banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At various times during the year, the cash balances may exceed the insured amount. At March 31, 2025 and 2024, the Foundation had \$3,484,763 and \$4,095,725 in excess of the FDIC insurance limit, respectively. The Foundation has not experienced any losses on these accounts. The Foundation believes it is not exposed to any significant credit risk on cash and money market accounts.

COMMUNITY FOUNDATION OF WESTERN MASSACHUSETTS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2025 AND 2024

NOTE 14 SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 19, 2025, the date which the financial statements were available to be issued.

On May 1, 2025, the Internal Revenue Service issued Private Letter Ruling PLR-120064-24 to the Community Foundation of Western Massachusetts confirming the tax treatment of its planned reorganization into a nonprofit corporation.

NOTE 15 CONDITIONAL GRANT

The Foundation was awarded a conditional grant to implement the ValleyCreates Initiative, which promotes better connections among artists and art organizations. At March 31, 2025, the Foundation has \$400,000 remaining for this grant award. Revenue from this grant will be recorded when the conditions are met.



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