

**Community Foundation for
MetroWest, Inc.**

Financial Statements
&
Independent Auditor's Report

December 31, 2023 and 2022

Community Foundation for MetroWest, Inc.
Financial Statements
December 31, 2023 and 2022

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Independent Auditor's Report

To the Board of Trustees of
Community Foundation for MetroWest, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Community Foundation for MetroWest, Inc. (a nonprofit Foundation), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Community Foundation for MetroWest, Inc. as of December 31, 2023 and 2022, 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 audit in accordance with 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. 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 for MetroWest, Inc. 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 opinions.

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 for MetroWest, Inc.'s ability to continue as a going concern within 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 generally accepted auditing standards and *Government 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government 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 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 for MetroWest, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Foundation for MetroWest, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit requirements for Federal Awards*, is resented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2024, on our consideration of Community Foundation for MetroWest, Inc.'s 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 Community Foundation for MetroWest, Inc.'s 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 Community Foundation for MetroWest, Inc.'s internal control over financial reporting and compliance.

Anstiss & Co., P.C.

Anstiss & Co., P.C.

Chelmsford, MA

May 21, 2024

Community Foundation for MetroWest, Inc.
Statements of Financial Position
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Current Assets		
Cash and cash equivalents	\$ 686,839	\$ 1,011,850
Operating investments	9,111,408	8,315,534
Employee receivables	-	3,000
Unconditional promises to give	56,415	10,000
Prepaid expenses and other current assets	28,957	18,176
Total current assets	<u>9,883,619</u>	<u>9,358,560</u>
Long-term assets		
Deposits	3,575	3,575
Property and equipment - net	18,893	7,707
Operating lease asset - long-term	486,646	317,479
Endowment promises to give	280,498	466,385
Endowment investments	17,630,528	16,084,797
Total long-term assets	<u>18,420,140</u>	<u>16,879,943</u>
Total assets	<u>\$ 28,303,759</u>	<u>\$ 26,238,503</u>
Current liabilities		
Accounts payable and accrued expenses	\$ 3,757	\$ 5,481
Grants payable	36,254	57,500
Operating lease liability - current	46,243	62,251
Total current liabilities	<u>86,254</u>	<u>125,232</u>
Long-term liabilities		
Operating lease liability - long-term	445,153	255,228
Agency endowment funds	1,119,169	828,741
Long-term liabilities	<u>1,564,322</u>	<u>1,083,969</u>
Total liabilities	<u>1,650,576</u>	<u>1,209,201</u>
Net assets		
Without donor restrictions		
Undesignated	7,580,302	7,402,161
Designated for operating reserves	850,000	850,000
Designated for endowment	13,682,584	12,444,666
Total net assets without donor restrictions	<u>22,112,886</u>	<u>20,696,827</u>
With donor restrictions		
Perpetual in nature	2,034,785	2,034,785
Purpose restrictions	2,227,382	1,846,646
Time restrictions	278,130	451,044
Total net assets with donor restrictions	<u>4,540,297</u>	<u>4,332,475</u>
Total net assets	<u>26,653,183</u>	<u>25,029,302</u>
Total liabilities and net assets	<u>\$ 28,303,759</u>	<u>\$ 26,238,503</u>

See the accompanying notes to these financial statements.

Community Foundation for MetroWest, Inc.
Statements of Activities
For the Years Ended December 31, 2023 and 2022

	Without Donor Restrictions	With Donor Restrictions	Total 2023	Without Donor Restrictions	With Donor Restrictions	Total 2022
Support and revenue						
Contributions, grants and gifts	\$ 2,975,403	\$ 17,556	\$ 2,992,959	\$ 3,121,631	\$ 30,350	\$ 3,151,981
Government grants	1,288,421	-	1,288,421	909,793	-	909,793
Investment return	2,376,142	568,527	2,944,669	(3,573,750)	(910,696)	(4,484,446)
Program fees	10,483	-	10,483	9,256	-	9,256
Special events	492,433	-	492,433	535,906	-	535,906
Net assets released from restriction	378,261	(378,261)	-	522,883	(522,883)	-
Total support and revenue	7,521,143	207,822	7,728,965	1,525,719	(1,403,229)	122,490
Expenses						
Grantmaking and other program expenses	5,008,258	-	5,008,258	3,881,598	-	3,881,598
Management and general	525,246	-	525,246	487,774	-	487,774
Fundraising and development	571,580	-	571,580	741,818	-	741,818
Total Expenses	6,105,084	-	6,105,084	5,111,190	-	5,111,190
Change in net assets	1,416,059	207,822	1,623,881	(3,585,471)	(1,403,229)	(4,988,700)
Net assets at beginning of year	20,696,827	4,332,475	25,029,302	24,282,298	5,735,704	30,018,002
Net assets at end of year	\$ 22,112,886	\$ 4,540,297	\$ 26,653,183	\$ 20,696,827	\$ 4,332,475	\$ 25,029,302

See the accompanying notes to these financial statements.

Community Foundation for MetroWest, Inc.
Statements of Functional Expenses
For the Years Ended December 31, 2023 and 2022

	General &			Total for 2023
	Program	Administrative	Fundraising	
Grants	\$ 4,143,306	\$ -	\$ -	\$ 4,143,306
Program support	194,914	-	-	194,914
Salaries and related	621,027	273,894	335,584	1,230,505
Consulting services	-	-	37,910	37,910
Professional fees	-	38,832	-	38,832
Occupancy	35,722	15,630	19,400	70,752
Repairs and maintenance	-	4,297	-	4,297
Office supplies and expenses	13,289	41,589	7,217	62,095
Cost of direct benefits to donors	-	-	26,689	26,689
Fundraising and development expenses	-	-	124,995	124,995
Depreciation	-	12,814	-	12,814
Information technology	-	38,190	19,785	57,975
Bad debt	-	100,000	-	100,000
Total expenses	<u>\$ 5,008,258</u>	<u>\$ 525,246</u>	<u>\$ 571,580</u>	<u>\$ 6,105,084</u>

	General &			Total for 2022
	Program	Administrative	Fundraising	
Grants	\$ 3,327,399	\$ -	\$ -	\$ 3,327,399
Program support	92,568	-	-	92,568
Salaries and related	431,783	232,183	522,346	1,186,312
Consulting services	-	-	36,736	36,736
Professional fees	-	35,643	-	35,643
Occupancy	23,095	12,371	28,035	63,501
Repairs and maintenance	-	5,005	-	5,005
Office supplies and expenses	6,753	31,285	8,196	46,234
Cost of direct benefits to donors	-	-	757	757
Fundraising and development expenses	-	-	125,105	125,105
Depreciation	-	3,563	-	3,563
Information technology	-	50,854	20,643	71,497
Bad debt	-	116,870	-	116,870
Total expenses	<u>\$ 3,881,598</u>	<u>\$ 487,774</u>	<u>\$ 741,818</u>	<u>\$ 5,111,190</u>

Community Foundation for MetroWest, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Change in net assets	\$ 1,623,881	\$ (4,988,700)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	12,814	3,563
Bad debt expense	100,000	116,870
Change in value of assets and liabilities under leases - net	4,750	-
Amortization of discount on promises to give	85,887	141
Realized and unrealized gain (loss) on operating investments	(605,526)	1,424,565
Amortization of discount on note payable	-	586
Contributions restricted to endowment	154,774	274,128
Change in agency endowment liability	128,543	(184,525)
Endowment investment return	(1,725,227)	3,458,432
Changes in assets and liabilities		
Decrease (increase) in employee receivables	3,000	(3,000)
(Increase) decrease in unconditional promises to give	(46,415)	325,287
(Increase) decrease in prepaid expenses and other current assets	(10,781)	4,602
Decrease in accounts payable and accrued expenses	(1,724)	(6,005)
Decrease in grants payable	(21,246)	(72,500)
Net cash (used) provided by operating activities	<u>(297,270)</u>	<u>353,444</u>
Cash flows from investing activities		
Purchase of equipment	(24,000)	(5,813)
Purchase of operating investments	(46,930,387)	(6,845,804)
Proceeds from the sale of operating investments	46,740,039	6,762,239
Disbursements from agency endowment funds	161,885	(16,979)
Disbursements from endowment	179,496	228,122
Net cash provided by investing activities	<u>127,033</u>	<u>121,765</u>
Cash flows from financing activities		
Payments on note payable	-	(2,553)
Collections of contributions restricted to endowment	(154,774)	(274,128)
Net cash used by financing activities	<u>(154,774)</u>	<u>(276,681)</u>
Net change in cash and cash equivalents	(325,011)	198,528
Cash and cash equivalents at beginning of year	<u>1,011,850</u>	<u>813,322</u>
Cash and cash equivalents at end of year	<u>\$ 686,839</u>	<u>\$ 1,011,850</u>

See the accompanying notes to these financial statements.

Community Foundation for MetroWest, Inc.
Financial Statements
December 31, 2023 and 2022

NOTE 1 –THE ORGANIZATION

Community Foundation for MetroWest, Inc. (the “Foundation”) is a not-for-profit corporation established in March 1995. The Foundation was established to strengthen the sense of community through a comprehensive grant making program, help donors maximize the impact of their Foundation giving, increase the level and spirit of philanthropy in the region by building a permanent endowment and, where appropriate, address community issues and opportunities on a regional basis to enhance the quality of life for respective citizens.

The Foundation accomplishes its goals by offering capacity-building programs, strategic education services, and community forums on philanthropy that help people understand the needs of the region and how best to address them. The Foundation also offers services to financial advisors – working with them as they advise clients on philanthropic planning and investments. The following is a general description of the Foundation’s major programs:

Donor Services

The Foundation manages philanthropic initiatives for donors and nonprofits while reducing administrative challenges and providing greater tax advantages. The Foundation’s expertise is valuable not only for those who know where they want to give, but also for the many residents who want to give back to their communities but may not have the time or inclination to identify pressing Foundation needs that address personal giving goals.

Grant-making

The Foundation awards grants and scholarships annually throughout MetroWest. The Foundation’s initiatives address community-specific issues as well as challenges affecting the region as a whole. Together, with donors and nonprofits, the Foundation manages philanthropic initiatives that, in part, serve to:

- Support water quality and land-protection activities that conserve and restock the region’s forests, waters, and land through funds for organizations such as the Organization for the Assabet River.
- Support the region’s newest residents by working with organizations such as Framingham Adult ESL Plus.
- Provide safe and supportive housing through initiatives such as WATCH.
- Offer students better education and promote public service through scholarship funds.
- Strengthen cultural and arts programs through funds for organizations such as The Framingham History Center, Discovery Museums, and The Center for the Arts in Natick.

Community Foundation for MetroWest, Inc.
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NOTE 1 – THE ORGANIZATION (continued)

Youth in Philanthropy

The nation is preparing for a massive transfer of wealth. This will create opportunities and challenges for raising socially responsible youths. To address this, the Foundation for MetroWest is taking a lead in educating today's youth about the critical importance of philanthropy through its Youth in Philanthropy initiative, which enables educators and families to engage young people in the collaborative decision-making essential to effective philanthropy.

The Foundation's service area includes the Massachusetts cities and towns of Acton, Ashland, Boxboro, Carlisle, Concord, Dedham, Dover, Framingham, Harvard, Holliston, Hopkinton, Hudson, Lexington, Lincoln, Marlborough, Maynard, Medfield, Medway, Milford, Millis, Natick, Needham, Sherborn, Southborough, Stow, Sudbury, Walpole, Waltham, Wayland, Wellesley, Westborough, Westwood, and Weston.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The Foundation reports information regarding its financial position and activities in two classes of net assets based on the existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations are classified as without donor restrictions. From time to time, 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 or for a specific purpose, as it sees fit. These Board designated net assets may become undesignated with the passage of time or when used for their intended purpose. In addition, the Board may undesignate these net assets at its discretion if the originally intended time period or purpose is deemed no longer relevant or applicable to the needs of the Foundation.

Net Assets With Donor Restrictions

Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time are classified as net assets with donor restrictions. When a restriction expires, 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.

Also included in this category, are net assets subject to donor restrictions to be maintained in perpetuity as permanent assets of the Foundation. Generally, all income and unrealized and realized net gains on investments related to these net assets can be made available for operations as the Foundation appropriates its annual spending based on the use of a spending policy or in accordance with donor restrictions.

Community Foundation for MetroWest, Inc.
Financial Statements
December 31, 2023 and 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

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

Fair Value Measurements

GAAP defines fair value measurements applied to reported balances that are required or permitted to be measured at fair value on a recurring basis under an existing accounting pronouncement. Under GAAP, 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 Foundation 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 assets or liabilities, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs 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, "*Financial Instruments*," permits an entity to measure many financial instruments and certain other assets and liabilities at fair value on an instrument-by-instrument basis. Community Foundation for MetroWest, Inc. has not adopted any of the additional fair value options allowed in the standard. The carrying amounts for cash and cash equivalents, employee receivables, unconditional promises to give, prepaid expenses and other assets, accounts payable and accrued expenses, and grants payable approximate fair value due to their short-term nature.

Community Foundation for MetroWest, Inc.
Financial Statements
December 31, 2023 and 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

The Foundation's Investment Committee is responsible for adoption and implementation of prudent investment policies, engagement of investment managers, and oversight and coordination of investment performance of third-party fiduciaries. Payout policies and guidelines on funds administered by the Foundation are determined by the Investment Committee and approved by the Board of Trustees. 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.

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheet. Fair value is based on market value in the case of marketable securities. The market value of publicly traded securities is based upon quoted prices from principal exchanges on which the securities are traded. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) 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 cost basis. Dividend and interest income is recognized when earned.

Alternative investments include non-marketable securities such as private equity, hedge funds, and real estate investment trusts, which are valued using current estimates of fair value obtained from investment managers or general partners in the absence of readily determinable public market values. Because of the inherent uncertainty in valuing alternative investments, the estimate of the investment manager or general partner may differ from the values that would have been used had a ready market existed, and the differences could be significant. The agreements underlying participation in non-marketable investment funds may limit the Foundation's ability to liquidate its interest in such investments for a period of time.

As of December 31, 2023 and 2022, the Foundation had no alternative investments and does not foresee owning any, although allowed under their investment policy. Should the Foundation anticipate receiving or purchasing alternative investments, the investment committee will endeavor to develop and implement policies surrounding their valuation.

Community Foundation for MetroWest, Inc.
Financial Statements
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Promises to Give

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 risk-adjusted interest rate of 3-5% applicable to the years in which the promises are to be received. In subsequent years, amortization of the discount rate is included in contribution revenue in the statements of activities. The allowance for uncollectable promises to give is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable.

Property and Equipment

Additions of property and equipment exceeding \$5,000 are stated at cost if purchased or constructed, or at fair market value at the date of the gift if donated. Major additions and betterments are charged to property and equipment, while maintenance and repairs that do not improve or extend the lives of the respective assets are expensed in the year incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

	<u>Years</u>
Improvements	10
Furniture and fixtures	7
Office equipment	5
Software	3

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.

Leases

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.

Community Foundation for MetroWest, Inc.
Financial Statements
December 31, 2023 and 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Lease (continued)

In accordance with this standard, the Foundation recorded liabilities under operating leases of \$491,396 and \$317,479 based on the present value of the remaining minimum rental payments at the Foundation's incremental borrowing rate of 4.25% for the years ended December 31, 2023 and 2022, respectively. A corresponding asset under operating leases was recorded in the amount of \$486,646 and \$317,479 for the years ended December 31, 2023 and 2022, respectively.

Revenue Recognition

Ticket sales for workshops are recognized at the time of admission. The Foundation records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place. Amounts billed or collected in advance are recorded as deferred revenue until the workshops or events are held. As of December 31, 2023 and 2022, there was no deferred revenue.

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 on the date of the gift. Pledges receivable are stated at the estimated net present value, net of an allowance of uncollectable amounts. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

In-Kind Contributions

Donated goods, services, and fixed asset 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 the donated or acquired assets are placed in service.

A substantial number of volunteers have donated significant amounts of their time in various organizational and fundraising activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed professional services are recorded at the respective fair values of the services received.

Community Foundation for MetroWest, Inc.
Financial Statements
December 31, 2023 and 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses

The cost of providing the Foundation's various programs and supporting services has been summarized on a functional basis in the statements of functional expenses. The statement of functional expenses is 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. Salaries and wages, fringe benefits, and payroll taxes are allocated based on estimates of time and effort. Other expenses that are not directly allocable but are common to several functions are allocated based on personnel allocations. Unallocable costs are charged to management and general or fundraising as appropriate.

Concentrations of Credit Risk

The Foundation places its cash and cash equivalents with high quality financial institutions. Such deposits are covered by Federal Deposit Insurance Corporation (FDIC) insurance and by state level insurance for balances in excess of FDIC limits. Investments are primarily managed by one institution. Management routinely assesses the financial strength of these institutions in order to minimize risk.

Investments are exposed to various risks such as market and credit risks. Due to the level of risk associated with investments and the level of uncertainty related to changes in the 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.

Use of Estimates

The preparation of financial statements in conformity with 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. Actual results could differ from those estimates.

Income Taxes and Uncertain Tax Positions

The Foundation, incorporated 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.

Community Foundation for MetroWest, Inc.
Financial Statements
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes and Uncertain Tax Positions (continued)

The Foundation is required by ASC 740-10, "Accounting for Uncertainty in Income Taxes," 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 prior to 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.

NOTE 3 – LIQUIDITY AND AVAILABILITY

Financial assets available within one year for general expenditure such as operating expenses and distributions in accordance with the Foundation's spending policy were as follows for the years ending December 31st:

	2023	2022
Cash and cash equivalents	\$ -	\$ -
Operating investments	9,111,408	8,315,534
Unconditional promises to give	56,415	10,000
Spending policy appropriations	682,514	643,392
Total financial assets available	\$ 9,850,337	\$ 8,968,926

To manage liquidity, the Foundation has designated the larger of \$850,000 or six months of operating expenses to be held in liquid short-term bond funds as operating reserves. These reserves are not accessible to management for operations without Board approval. In periods when there is excess cash on hand not required for current obligations, the surplus will be added to investments held for operating reserves to either replenish amounts expended or increase available resources. In addition, the Foundation holds a number of funds designated as operating endowment funds. These funds are held in investment accounts with asset allocations consistent with the investment policy and include accumulated returns on these investments. The annual distributions from the operating endowments are set at 4% of the average value of the funds as calculated on 20 trailing quarters. The annual distributions may be used for current operations. Although the Board currently has no intention of doing so, these designated funds can be made available for general expenditure with Board approval. The Foundation also maintains a line of credit to cover shortfalls in revenue. The line of credit is accessible to management to meet current cash flow needs with approval from the Board.

Community Foundation for MetroWest, Inc.
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NOTE 4 – INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The Foundation uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures (see Note 2). The following tables present the Foundation’s fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2023 and 2022:

	2023			
	Total	Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
Cash equivalents	\$ 2,777,105	\$ 2,777,105	\$ -	\$ -
Equity securities				
Communication services	525,939	525,939	-	-
Consumer goods	1,321,948	1,321,948	-	-
Financial	1,216,021	1,216,021	-	-
Healthcare	1,143,867	1,143,867	-	-
Industrial goods	1,050,892	1,050,892	-	-
Basic materials	397,901	397,901	-	-
Technology	2,101,351	2,101,351	-	-
Energy	306,560	306,560	-	-
Real estate	111,271	111,271	-	-
Utilities	143,796	143,796	-	-
Equity funds				
Large blend	2,778,532	2,778,532	-	-
Small blend	774,098	774,098	-	-
Commodities broad basket	587,545	587,545	-	-
Options trading	684,953	684,953	-	-
Emerging market	5,812	5,812	-	-
International	2,215,000	2,215,000	-	-
Fixed income funds				
High yield	936,098	936,098	-	-
Multi-sector	3,538,837	3,538,837	-	-
Short-term	123,634	123,634	-	-
Intermediate	3,493,875	3,493,875	-	-
Emerging markets	475,989	475,989	-	-
Commodities based ETF	11,470	11,470		
Allocation funds	19,442	19,442	-	-
Total	\$ 26,741,936	\$ 26,741,936	\$ -	\$ -

Community Foundation for MetroWest, Inc.
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NOTE 4 – INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS
(continued)

2022

	Total	Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
Cash equivalents	\$ 1,914,620	\$ 1,914,620	\$ -	\$ -
Equity securities				
Communication services	20,362	20,362	-	-
Consumer goods	416,009	416,009	-	-
Financial	334,625	334,625	-	-
Healthcare	489,797	489,797	-	-
Industrial goods	638,105	638,105	-	-
Basic materials	125,487	125,487	-	-
Technology	518,249	518,249	-	-
Energy	64,631	64,631	-	-
Real estate	100,178	100,178	-	-
Utilities	32,647	32,647	-	-
Equity funds				
Large blend	6,750,156	6,750,156	-	-
Emerging market	428,485	428,485	-	-
International	841,330	841,330	-	-
Natural resources	2,836,951	2,836,951	-	-
Infrastructure	1,215,247	1,215,247	-	-
Fixed income funds				
High yield	841,774	841,774	-	-
Inflation protected	430,131	430,131	-	-
Short-term	1,728,183	1,728,183	-	-
Intermediate	3,793,861	3,793,861	-	-
International real estate	879,503	879,503	-	-
Total	\$ 24,400,331	\$ 24,400,331	\$ -	\$ -

Investments in exchange traded funds (ETFs) are reported at fair market value (FMV) as quoted in active markets as of December 31, 2023 and 2022. The FMV of these ETFs is expected to approximate net asset value (NAV), but may differ significantly. Sale of these ETFs would be at the FMV quoted in active markets as of the date of sale. There are no unfunded commitments, redemption or other selling restrictions associated with these investments.

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NOTE 5 – INVESTMENT RETURN

Investment return consisted of the following for the years ended December 31st:

	2023	2022
Interest and dividends	\$ 708,941	\$ 498,223
Realized gain	(929,152)	(473,624)
Unrealized (loss) gain	3,259,905	(4,409,373)
Investment custodial fees	(95,025)	(99,672)
	<u>\$ 2,944,669</u>	<u>\$ (4,484,446)</u>

Investment return is shown net of investment management and custody fees paid directly to the investment managers in the amount of \$95,025 and \$99,672 for the years ended December 31, 2023 and 2022, respectively. There were additional investment fees that were not paid directly to the managers but rather are netted from the return on certain investments.

NOTE 6 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consisted of the following as of December 31st:

	2023	2022
Due within one year	\$ 204,081	\$ 677,666
Due in two to five years	520,000	-
Gross pledges	<u>724,081</u>	<u>677,666</u>
Unamortized discounts	(87,168)	(1,281)
Allowance for doubtful account	(300,000)	(200,000)
Pledges receivable - net	<u>\$ 336,913</u>	<u>\$ 476,385</u>

At December 31, 2023, 89% of unconditional promise to give was due from one contributor. At December 31, 2022, 95% of unconditional promises to give was due from three contributors.

NOTE 7 – PROPERTY AND EQUIPMENT

Property and Equipment is composed of the following as of December 31st:

	2023	2022
Office equipment	\$ 98,739	\$ 98,739
Furniture and fixtures	14,234	14,234
Website and software	<u>23,999</u>	<u>27,364</u>
Total property and equipment	136,972	140,337
Less accumulated depreciation	<u>(118,079)</u>	<u>(132,630)</u>
Property and equipment - net	<u>\$ 18,893</u>	<u>\$ 7,707</u>

Depreciation expense was \$12,814 and \$3,563 for years ended December 31, 2023 and 2022, respectively.

Community Foundation for MetroWest, Inc.
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NOTE 8 – AGENCY ENDOWMENT FUNDS

Agency endowment arises when a transfer is received from a not-for-profit organization that specifies itself as the beneficiary. ASC 958-605, “Revenue Recognition,” requires that such 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 December 31, 2023 and 2022 were \$1,119,169 and \$828,741, respectively.

NOTE 9 – CAPITAL LEASE OBLIGATIONS

The Foundation leases equipment under capital lease agreement. The equipment was recorded at an estimated fair value of \$13,914 as of December 31, 2023, and is being depreciated over the estimated useful lives of 3 years. As of December 31, 2023 and 2022, accumulated depreciation on the equipment was \$13,914.

As of December 31, 2023, the Organization had no future minimum capital lease commitments on the equipment.

NOTE 10 - NET ASSETS

Net assets consisted of the following at December 31, 2023 and 2022, respectively:

	2023			2022		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Operating funds	\$ 731,525	\$ 252,440	\$ 983,965	\$ 1,467,958	\$ 215,959	\$ 1,683,917
Designated operating reserve	850,000	-	850,000	850,000	-	850,000
Non-endowed funds subject to variance power	6,829,884	-	6,829,884	5,926,496	-	5,926,496
Invested in fixed assets	18,893	-	18,893	7,707	-	7,707
Pledges receivable	-	339,913	339,913	-	476,385	476,385
Endowment funds	13,682,584	3,947,944	17,630,528	12,444,666	3,640,131	16,084,797
Total net assets	<u>\$22,112,886</u>	<u>\$ 4,540,297</u>	<u>\$26,653,183</u>	<u>\$20,696,827</u>	<u>\$ 4,332,475</u>	<u>\$25,029,302</u>

The endowment component of net assets without donor restrictions is comprised of amounts designated by the Board to function as endowment and other donor created endowments that are subject to both the Foundation’s variance power and spending policy.

As of December 31, 2023 and 2022, net assets with donor restrictions included \$2,034,785 consisting of 10 individual endowment funds 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 the Foundation’s service area which meet the charitable needs of the community.

Community Foundation for MetroWest, Inc.
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NOTE 10 - NET ASSETS (continued)

In addition, there were net assets with donor restrictions consisting of temporarily restricted contributions and earnings on perpetual endowment funds subject to time restrictions under the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted by the Commonwealth of Massachusetts as follows:

	<u>2023</u>	<u>2022</u>
Cumulative earnings on perpetual endowment funds		
Without purpose restrictions	\$ 27,104	\$ (25,341)
With purpose restrictions	250,470	131,331
Subtotal	<u>277,574</u>	<u>105,990</u>
Other funds temporarily restricted for purpose	1,976,912	1,715,315
Other funds temporarily restricted for time	251,026	476,385
Total	<u>\$ 2,505,512</u>	<u>\$ 2,297,690</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Net assets used for their intended purpose	\$ 152,902	\$ 80,585
Expiration of time restrictions	225,359	442,298
Total net assets released from restrictions	<u>\$ 378,261</u>	<u>\$ 522,883</u>

NOTE 11 – ENDOWMENT FUNDS

The Foundation consists of approximately 170 individual funds established for a variety of purposes, 57 of which make up the Foundation's endowment. Its endowment contains both donor created funds and funds established by the Board of Trustees to function as endowments.

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

Community Foundation for MetroWest, Inc.
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December 31, 2023 and 2022

NOTE 11 – ENDOWMENT FUNDS (continued)

intended to produce results that exceed the price and yield results of the Consumer Price Index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 5% as measured over a three to five-year period. 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 annually appropriating for distribution 4% of its endowment fund's average fair value net of investment management fees. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowments to grow. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

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

Net asset composition by endowment fund type was as of December 31st:

	2023		
	Without donor restrictions	With donor restrictions	Total
Donor created endowments	\$ 13,682,584	\$ 3,947,944	\$ 17,630,528
Board created endowments	-	-	-
Total	\$ 13,682,584	\$ 3,947,944	\$ 17,630,528
	2022		
	Without donor restrictions	With donor restrictions	Total
Donor created endowments	\$ 12,444,666	\$ 3,640,131	\$ 16,084,797
Board created endowments	-	-	-
Total	\$ 12,444,666	\$ 3,640,131	\$ 16,084,797

Community Foundation for MetroWest, Inc.
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NOTE 11 – ENDOWMENT FUNDS (continued)

Changes in endowment net assets for the year ended December 31, 2023 were as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	\$ 12,444,666	\$3,640,131	\$16,084,797
Investment return:			
Investment income	(365,322)	(111,241)	(476,563)
Appreciation/depreciation	1,941,639	590,199	2,531,838
Total investment return	1,576,317	478,958	2,055,275
Contributions	153,774	1,000	154,774
Appropriation of assets for expenditure	(505,997)	(172,145)	(678,142)
Other changes	13,824	-	13,824
Endowment net assets, end of year	<u>\$ 13,682,584</u>	<u>\$ 3,947,944</u>	<u>\$ 17,630,528</u>

Changes in endowment net assets for the year ended December 31, 2022 were as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	\$ 15,227,754	\$4,543,597	\$ 19,771,351
Investment return:			
Investment income	(60,496)	(18,935)	(79,431)
Appreciation/depreciation	(2,361,248)	(750,243)	(3,111,491)
Total investment return	(2,421,744)	(769,178)	(3,190,922)
Contributions	(218,452)	(55,676)	(274,128)
Appropriation of assets for expenditure	(172,165)	(78,612)	(250,777)
Other changes	29,273	-	29,273
Endowment net assets, end of year	<u>\$ 12,444,666</u>	<u>\$3,640,131</u>	<u>\$ 16,084,797</u>

Community Foundation for MetroWest, Inc.
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NOTE 12 – EMPLOYEE BENEFIT PLANS

The Foundation sponsors a 401(k) Plan with an employer contribution rate of 3% for all eligible employees. Pension expense for years ending December 31, 2023 and 2022 was \$24,236 and \$25,859, respectively.

The Foundation maintains a premium pretax salary reduction plan available to all employees. The plan is intended to qualify as a cafeteria plan under Section 125 of the Internal Revenue Code and the benefits provided under the plan are excluded from Federal income tax. The Foundation is not required to make any contributions to the plan. The benefit offered is health insurance.

NOTE 13 – LEASES

The Foundation occupies office space in South Natick, MA under a five-year operating lease which expired May 31, 2022. The lease required monthly rental payments of \$5,000. In February 2022, the Foundation renewed the lease for an additional five-year term expiring on May 31, 2027. The new lease requires monthly rental payments of \$5,500. Rent expense for years ended December 31, 2023 and 2022 was \$70,750 and \$63,500, respectively. Future minimum lease payments for years ending December 31st are:

2024	\$66,000
2025	\$66,000
2026	\$66,000
2027	\$27,500

NOTE 14 – LINE OF CREDIT

The Foundation maintains a \$100,000 revolving line of credit at Middlesex Savings Bank. The interest rate at December 31, 2023 was 7.5%. The note is collateralized by substantially all of the Foundation's assets and is due on the maturity. There were no amounts outstanding as of December 31, 2023 and 2022.

NOTE 15 – RELATED PARTIES

One of the Foundation's Board members is an officer of a bank in which the Foundation holds its deposits and maintains a line of credit (Note 14).

Community Foundation for MetroWest, Inc.
Financial Statements
December 31, 2023 and 2022

NOTE 16 – SUBSEQUENT EVENTS

ASC 855-10, “Subsequent Events,” defines further disclosure requirements for events that occur after the statement of financial position date but before the financial statements are issued. In accordance with ASC 855-10, the Foundation’s management has evaluated events subsequent to December 31, 2023 through May 3, 2025, which is the date the financial statements were available to be issued. 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 Trustees of
Community Foundation for MetroWest, Inc.

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 financial statements of Community Foundation for MetroWest, Inc. (a non-profit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 21, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Community Foundation for MetroWest, Inc.'s 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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Foundation for MetroWest, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Community Foundation for MetroWest, Inc.'s 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 may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Foundation for MetroWest, Inc.'s 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 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
May 21, 2024

**Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

To the Board of Trustees of
Community Foundation for MetroWest, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Community Foundation for MetroWest, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Community Foundation for MetroWest, Inc.'s major federal programs for the year ended December 31, 2023. Community Foundation for MetroWest, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Community Foundation for MetroWest, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Community Foundation for MetroWest, Inc. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Community Foundation for MetroWest, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Community Foundation for MetroWest, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Community Foundation for MetroWest, Inc.'s compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about Community Foundation for MetroWest, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Community Foundation for MetroWest, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Community Foundation for MetroWest, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Community Foundation for MetroWest, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Anstiss & Co., P.C.

Anstiss & Co., P.C.
Chelmsford, Massachusetts
May 21, 2024

**Community Foundation for MetroWest, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023**

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Passed through to Subrecipients</u>	<u>Total Federal Expenditures</u>
U.S. Department of Housing and Urban Development				
Passed through - Commonwealth of Massachusetts Department of Housing and Community Development				
* Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	SCOCD322022591120000	\$ 808,449	\$ 892,067
Total Community Development Block Grants/States Program and Non-Entitlement Grants in Hawaii			<u>808,449</u>	<u>892,067</u>
Total Department of Housing and Urban Development			<u>808,449</u>	<u>892,067</u>
Total Expenditures of Federal Awards			<u>\$ 808,449</u>	<u>\$ 892,067</u>

Community Foundation for MetroWest, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Notes to Schedule of expenditures of Federal Awards

1. Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the grant activity of Community Foundation for MetroWest, Inc. under programs of the federal government for the year ended December 31, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations for Community Foundation of MetroWest, Inc. it is not intended to and does not present the financial position, changes in net assets, or cash flows of Community Foundation for MetroWest, Inc.

2. Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate:

Community Foundation for MetroWest, Inc. has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

*denotes Major Program