

**COMMUNITY FOUNDATION OF  
GREATER NEW BRITAIN**

**Financial Statements**

**December 31, 2016 and 2015**

# COMMUNITY FOUNDATION OF GREATER NEW BRITAIN

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December 31, 2016 and 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Community Foundation of Greater New Britain

**Report on the Financial Statements**

We have audited the accompanying financial statements of Community Foundation of Greater New Britain (the "Foundation") which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Foundation of Greater New Britain as of December 31, 2016 and 2015, 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.

### ***Supplementary Information***

Our audit was conducted for the purposes of forming an opinion on the financial statements as a whole. The schedule of program and supporting services expenses for the year ended December 31, 2016 on page 15 is presented 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Whittlesey & Hurlley, P.C.".

Hartford, Connecticut  
April 12, 2017

# COMMUNITY FOUNDATION OF GREATER NEW BRITAIN

## Statements of Financial Position

December 31, 2016 and 2015

	2016	2015
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,219,414	\$ 1,620,785
Investments held for Community Chest of New Britain and Berlin, Inc.	90,691	2,050
Contributions receivable	25,210	89,965
Prepaid expenses	17,398	20,613
Total current assets	<u>1,352,713</u>	<u>1,733,413</u>
Other assets:		
Investments	40,010,017	39,231,876
Split-interest agreements	77,616	86,906
Total investments	<u>40,087,633</u>	<u>39,318,782</u>
Property, plant and equipment, net	475,823	510,544
Total other assets	<u>40,563,456</u>	<u>39,829,326</u>
Total assets	<u>\$ 41,916,169</u>	<u>\$ 41,562,739</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 49,216	\$ 98,580
Grants payable	126,994	327,094
Due to Community Chest of New Britain and Berlin, Inc.	90,691	2,050
Total current liabilities	<u>266,901</u>	<u>427,724</u>
Long-term liabilities:		
Liability under charitable gift annuities	39,586	48,964
Agency endowments	5,662,429	5,661,852
Total long-term liabilities	<u>5,702,015</u>	<u>5,710,816</u>
Total liabilities	<u>5,968,916</u>	<u>6,138,540</u>
Net assets:		
Unrestricted	35,856,645	35,049,426
Temporarily restricted	90,608	374,773
Total net assets	<u>35,947,253</u>	<u>35,424,199</u>
Total liabilities and net assets	<u>\$ 41,916,169</u>	<u>\$ 41,562,739</u>

The accompanying notes are an integral part of the financial statements.

# COMMUNITY FOUNDATION OF GREATER NEW BRITAIN

## Statements of Activities and Changes in Net Assets

For the years ended December 31, 2016 and 2015

	2016			2015			
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Support and Revenues</b>							
Support:							
Gifts and contributions received	\$ 973,992	\$ 190,862	\$ 1,164,854	\$ 717,569	\$ 408,951	\$ -	\$ 1,126,520
Less: agency endowment gifts	(2,500)	-	(2,500)	(304,100)	-	-	(304,100)
Total gifts and contributions received	971,492	190,862	1,162,354	413,469	408,951	-	822,420
Revenues:							
Miscellaneous revenue	70,483	-	70,483	63,405	-	-	63,405
Rent revenue	49,148	-	49,148	48,144	-	-	48,144
Realized and unrealized gains/(losses) on investments, net	1,204,854	-	1,204,854	(1,378,461)	-	-	(1,378,461)
Interest and dividends	768,246	-	768,246	862,497	-	-	862,497
Investment and trustee fees	(222,365)	-	(222,365)	(301,560)	-	-	(301,560)
Trust income and change in beneficial interest in perpetual trust	-	-	-	66,710	-	(78,630)	(11,920)
Change in split-interest agreements	-	88	88	-	(5,957)	-	(5,957)
Total revenues	1,870,366	88	1,870,454	(639,265)	(5,957)	(78,630)	(723,852)
Net assets released from restrictions	475,115	(475,115)	-	1,583,193	(324,415)	(1,258,778)	-
Total support and revenues	3,316,973	(284,165)	3,032,808	1,357,397	78,579	(1,337,408)	98,568
<b>Program and Supporting Services Expenses</b>							
Program services:							
Grants awarded	1,006,246	-	1,006,246	1,103,764	-	-	1,103,764
Scholarships awarded	180,811	-	180,811	194,755	-	-	194,755
Program expenses	428,519	-	428,519	429,822	-	-	429,822
Total grantmaking	1,615,576	-	1,615,576	1,728,341	-	-	1,728,341
Related program activities administered by the Foundation	278,075	-	278,075	303,452	-	-	303,452
Total program services	1,893,651	-	1,893,651	2,031,793	-	-	2,031,793
Supporting services:							
Management & general and development expenses	478,594	-	478,594	499,921	-	-	499,921
Total program and supporting services expenses	2,372,245	-	2,372,245	2,531,714	-	-	2,531,714
Transfer of fiscal intermediary assets	(137,509)	-	(137,509)	-	-	-	-
Change in net assets	807,219	(284,165)	523,054	(1,174,317)	78,579	(1,337,408)	(2,433,146)
Net assets, beginning of year	35,049,426	374,773	35,424,199	36,223,743	296,194	1,337,408	37,857,345
Net assets, end of year	\$ 35,856,645	\$ 90,608	\$ 35,947,253	\$ 35,049,426	\$ 374,773	\$ -	\$ 35,424,199

The accompanying notes are an integral part of the financial statements.

# COMMUNITY FOUNDATION OF GREATER NEW BRITAIN

## Statements of Cash Flows

December 31, 2016 and 2015

	2016	2015
<b>Cash flows from operating activities:</b>		
Change in net assets:	\$ 523,054	\$ (2,433,146)
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation	36,902	35,198
Realized gains on investments, net	(97)	(1,686,997)
Unrealized (gains)/losses on investments, net	(1,204,757)	3,065,458
Change in beneficial interest in perpetual trust	-	78,630
(Increase)/decrease in assets:		
Contributions receivable	64,755	37,432
Prepaid expenses	3,215	(1,155)
Increase/(decrease) in liabilities:		
Accounts payable and accrued expenses	(49,364)	51,470
Grants payable	(200,100)	104,764
Liability under charitable gift annuities	(9,378)	(9,795)
Agency endowments	577	(71,862)
Net change in cash from operating activities	<u>(835,193)</u>	<u>(830,003)</u>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of investments	2,296,133	24,923,077
Purchase of investments	(1,860,130)	(23,913,265)
Purchase of property and equipment	(2,181)	(14,000)
Net change in cash from investing activities	<u>433,822</u>	<u>995,812</u>
<b>Cash flows from financing activities:</b>		
Change in beneficial interest in perpetual trust	<u>-</u>	<u>(78,630)</u>
Net change in cash and cash equivalents	(401,371)	87,179
Cash and cash equivalents, beginning of year	<u>1,620,785</u>	<u>1,533,606</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,219,414</u></u>	<u><u>\$ 1,620,785</u></u>

The accompanying notes are an integral part of the financial statements.

# COMMUNITY FOUNDATION OF GREATER NEW BRITAIN

## Notes to the Financial Statements

December 31, 2016 and 2015

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - The Community Foundation of Greater New Britain (the “Foundation”) is a community foundation serving Berlin, New Britain, Plainville and Southington, Connecticut. The Foundation's mission is to improve the quality of life in the communities it serves by addressing community needs with strategic grant-making, initiatives and partnerships, developing and managing permanent endowments and gifts, and promoting informed philanthropy by providing donors convenient, cost-effective ways to improve their communities.

Basis of Accounting and Presentation - The Foundation prepares its financial statements in accordance with accounting principles generally accepted in the United States of America.

The Foundation records its net assets according to the following three classifications:

*Unrestricted Net Assets* - These net assets are defined as assets that are free of donor-imposed restrictions and include all investment income and appreciation not subject to donor-imposed restrictions. The Foundation's financial statements classify substantially all funds, including the corpus of endowment funds, as unrestricted net assets.

*Temporarily Restricted Net Assets* - These net assets include contributions and other inflows of assets whose use by the Foundation is limited by donor imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Foundation. This classification includes investment income and appreciation, which can be expended but for which restrictions have not yet been met. Included in temporarily restricted net assets are split-interest agreements.

*Permanently Restricted Net Assets* - These net assets include inflows of assets whose use by the Foundation is limited by explicit donor imposed stipulations that the principal be invested in perpetuity and stipulate the use of income and/or appreciation. The Foundation has no permanently restricted net assets at December 31, 2016 or 2015.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in temporarily restricted net assets. When a restriction expires, either when a time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Variance Power - Accounting principles generally accepted in the United States of America provide that if the governing body of an organization has the unilateral power to redirect the use of a donor's contribution to another beneficiary, such contributions must be classified as unrestricted net assets. The Board of Directors of the Foundation has that ability known as variance power. The Board of Directors has adopted a policy describing the criteria and limited circumstances under which the Foundation would exercise this power. Accordingly, the Foundation's financial statements classify substantially all funds, including the corpus of endowment funds, as unrestricted net assets, but segregate for internal management and endowment recordkeeping the portion that is held as endowment from the funds that are currently available for grant administration.

Risks and Uncertainties - The Foundation invests in a variety of investment vehicles, including mutual funds, debt and equity securities. These investment securities are exposed to interest rate, market, credit and other risks depending on the nature of the specific investment. Accordingly, it is possible that these factors will result in changes in the value of the Foundation's investments in the near term and such changes could materially affect amounts reported in the financial statements.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates - The Foundation uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts and disclosures in the financial statements. Actual results may differ from those estimates.

Cash and Cash Equivalents - Cash and cash equivalents include cash and all highly liquid instruments with an original maturity of three months or less.

The Foundation maintains its cash in bank accounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash equivalents.

Property, Plant and Equipment – Property, plant and equipment acquisitions and improvements thereon that exceed \$1,000 are capitalized at cost, or if donated, at the approximate fair value on the date of donation. Depreciation is computed on a straight-line basis over the estimated useful lives of the respective assets ranging from 3 to 30 years. Repairs and maintenance are charged to expense as incurred.

Donated Assets - Donated marketable securities and other assets are recorded as contributions at their estimated fair values as of the date of donation.

Investments - Investments in marketable debt securities, equity securities, money market funds and mutual funds with readily determinable fair values are stated at fair value in the statements of financial position. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statements of activities and changes in net assets.

The Foundation follows an investment policy to meet its primary investment goals of preserving the long-term purchasing power of Foundation assets for future generations, while providing the maximum funding possible for current community needs. The long-term investment return objective for the Foundation's endowed assets is to earn 5.25% above the rate of inflation as measured by the Urban Consumer Price Index, at a moderate level of risk. This target rate of return is based on a diversified asset allocation model that incorporates investments in domestic and international equities, fixed income, and hedge fund of funds investments. The investment portfolio is overseen by the Foundation's Finance and Investments Committee, under direction of the Board of Directors. The Committee meets regularly with the Foundation's investment managers to review investment policy, asset selection and allocation, and to monitor performance of the portfolios. The Foundation complies with the current Uniform Prudent Management of Institutional Funds Act ("UPMIFA") regulations in Connecticut.

Investment Pools - The Foundation maintains master investment accounts for endowments. Realized and unrealized gains and losses from securities in the master investment accounts are allocated to the individual endowments based on the relationship of the market value of each endowment to the total market value of the master investment accounts, as adjusted for additions to or withdrawals from those accounts.

Fair Value Measurements - The Foundation adopted the Fair Value Measurements and Disclosures topic of the FASB Accounting Standards Codification, (FASB ASC 820) which defines fair value and establishes a framework for measuring fair value in generally accepted accounting principles. The topic defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The topic also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Three levels of inputs may be used to measure fair values:

- Level 1 — Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Fair Value Measurements (Continued) -

- Level 2 — Significant other observable inputs other than Level 1 prices 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.
- Level 3 — Significant unobservable inputs that reflect the Foundation's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Valuation techniques based on unobservable inputs are highly subjective and require judgments regarding significant matters such as the amount and timing of future cash flows and the selection of discount rates that may appropriately reflect market and credit risks. Changes in these judgments often have a material impact on the fair value estimates. In addition, since these estimates are as of a specific point in time, they are susceptible to material near-term changes.

Split-Interest Agreements - Split-interest agreements consist of assets donated for the benefit of the Foundation and other beneficiaries. Revocable split-interest agreements are not recorded as contributions unless enforceable by law. Irrevocable split-interest agreements are recorded as contributions at fair value when the assets are received or when the Foundation is notified of the existence of the agreement. The accounting treatment varies depending upon the type of agreement created and whether the Foundation or a third party is the trustee.

Spending Policy - The Foundation utilizes a spending policy based upon the total return concept, which emphasizes total investment return, consisting of investment income and realized and unrealized gains and losses. Under the spending policy, a distribution of investment return is independent of the cash yield and appreciation of investments in that year. This spending formula is designed specifically to stabilize annual spending levels and to preserve the real value of the fund portfolio over time. The Foundation's spending policy is generally 5.25% of the previous 20 quarters' average market values, subject to a floor of 4.0% and ceiling of 6.0% based on the market value at September 30. For 2016, the Foundation in some instances limited grant spending to a range of 2.2% to 4.0% depending on an evaluation of a fund's historic gift value compared to its fair market value at September 30, 2016. This calculation is used to protect funds from declines in real value during down markets. The amount available for spending was \$2,101,643 and \$2,069,688 for the years ended December 31, 2016 and 2015, respectively. These amounts are available for grant making and administrative fees to support the operation of the Foundation for that respective year. For the years ending December 31, 2016 and 2015, total expenses for the Foundation amounted to \$2,372,245 and \$2,531,714, respectively. Expenses in excess of spending policy limitations were funded by other revenue sources that were to be used towards the Foundation's operations.

Scholarships - Multi-year scholarship awards are considered conditional grants payable. The financial statements do not reflect the amount of scholarships payable due to their nature, contingency and inability to determine the reasonableness that conditions will be met in the future. The unrecorded scholarships payable are not material to the financial statements.

Income Taxes - The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation qualifies for the charitable contribution deduction and has been classified as an organization that is not a private foundation. Accordingly, no provision has been made in the accompanying financial statements for federal or state income taxes.

Subsequent Events Measurement Date - The Foundation monitored and evaluated any subsequent events for footnote disclosures or adjustments required in its financial statements for fiscal year 2016 through April 12, 2017, the date on which the financial statements were available to be issued.

Reclassifications - Certain reclassifications have been made to prior year amounts in order to conform to current year presentation.

## NOTE 2 – AGENCY ENDOWMENTS

The Foundation accepts contributions from donors and agrees to transfer those assets, the return on investments on those assets, or both, to another entity on the donors' behalf. Accounting standards require that if an independent nonprofit organization establishes a component fund at a community foundation with its own resources and specifies itself or its affiliate as the beneficiary of those resources the community foundation must record the transfer of such assets as a liability. The Foundation refers to such funds as agency endowments. The Foundation maintains variance power and legal ownership of these endowment funds managed for others and, as such, reports the funds as assets of the Foundation. The agency endowment balances as of December 31, 2016 and 2015 were \$5,662,429 and \$5,661,852, respectively.

## NOTE 3 – SPLIT-INTEREST AGREEMENTS

*Charitable Gift Annuities* - The Board of Directors of the Foundation established a Charitable Gift Annuity program. Under the terms of the program, contributions are received from donors in exchange for a promise by the Foundation to pay a fixed amount for a specified period of time to a donor or individuals designated by the donor. Annuities contracts may be established for either one or two lives and provide that fixed payments be made to the annuitants for the remainder of their lives. Upon maturity of the annuity contract, any remaining assets revert back to the Foundation for purposes as specified in the Charitable Gift Annuity contract. On an annual basis, the Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. No annuity contracts matured in 2016 or 2015 and therefore no remaining assets were reverted back to the Foundation.

## NOTE 4 – INVESTMENTS

The following tables present the investment types measured at fair value as of December 31,:

	2016			Fair Value
	Level 1	Level 2	Level 3	
Short-term investments	\$ 3,435	\$ -	\$ -	\$ 3,435
Mutual funds, equities	24,047,846	-	-	24,047,846
Mutual funds, fixed income	8,085,007	-	-	8,085,007
ETF's, equities	107,638	-	-	107,638
ETF's, fixed income	46,898	-	-	46,898
Total leveled investments	32,290,824	-	-	32,290,824
Investments measured at NAV	-	-	-	7,796,809
Total investments, at fair value	<u>\$32,290,824</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$40,087,633</u>

  

	2015			Fair Value
	Level 1	Level 2	Level 3	
Short-term investments	\$ 2,960	\$ -	\$ -	\$ 2,960
Mutual funds, equities	23,012,889	-	-	23,012,889
Mutual funds, fixed income	7,728,044	-	-	7,728,044
ETF's, equities	104,740	-	-	104,740
ETF's, fixed income	45,472	-	-	45,472
Total leveled investments	30,894,105	-	-	30,894,105
Investments measured at NAV	-	-	-	8,424,677
Total investments, at fair value	<u>\$30,894,105</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$39,318,782</u>

**NOTE 4 – INVESTMENTS (CONTINUED)**

The following is a description of valuation methodologies used for assets measured at fair value:

*Short term investments, mutual funds, and exchange traded funds (ETF's)* - Short term investments and mutual funds are valued using observable quoted prices for identical assets in active markets.

**NOTE 5 – ENDOWMENT**

The Foundation adopted the Not-for-Profit Entities topic of the FASB Accounting Standards Codification, (FASB ASC 958) which describes the information that needs to be disclosed regarding its endowment funds. The topic requires certain minimum disclosures that are the description of the Foundation's spending policy, as well as its endowment investment policies. It also requires the following disclosures regarding the composition of the Foundation's endowment by net asset class and a reconciliation of the beginning and ending balance of the Foundation's endowment.

The Foundation's endowment is comprised of investments and split-interest agreements.

The reconciliation of the Foundation's endowment by net asset category is as follows:

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total
Balance as of January 1, 2015	\$ 40,266,989	\$ 102,658	\$ 40,369,647
Interest and dividends, net of investment fees	558,664	-	558,664
Net depreciation	(1,378,461)	-	(1,378,461)
Additions	822,420	-	822,420
Amounts appropriated for expenditure	(1,037,736)	(12,254)	(1,049,990)
Change in split-interest agreements	-	(3,498)	(3,498)
Balance as of December 31, 2015	39,231,876	86,906	39,318,782
Interest and dividends, net of investment fees	540,632	-	540,632
Net appreciation	1,204,854	-	1,204,854
Additions	1,162,354	-	1,162,354
Amounts appropriated for expenditure	(2,129,699)	(12,254)	(2,141,953)
Change in split-interest agreements	-	2,964	2,964
Balance as of December 31, 2016	<u>\$ 40,010,017</u>	<u>\$ 77,616</u>	<u>\$ 40,087,633</u>

The interest and dividends, net of investment expenses, above, does not include interest on unendowed funds. Interest on unendowed funds were \$5,249 and \$2,273 for the years ended December 31, 2016 and 2015, respectively.

**NOTE 6 – PROPERTY, PLANT AND EQUIPMENT**

The cost and accumulated depreciation of property, plant, and equipment are as follows for the years ended December 31,:

	2016		
	Cost	Accumulated Depreciation	Net Book Value
Land and building	\$ 755,939	\$ 299,441	\$ 456,498
Furniture and equipment	91,974	72,649	19,325
Total	<u>\$ 847,913</u>	<u>\$ 372,090</u>	<u>\$ 475,823</u>

  

	2015		
	Cost	Accumulated Depreciation	Net Book Value
Land and building	\$ 755,939	\$ 269,634	\$ 486,305
Furniture and equipment	89,793	65,554	24,239
Total	<u>\$ 845,732</u>	<u>\$ 335,188</u>	<u>\$ 510,544</u>

**NOTE 7 – NET ASSETS**

Unrestricted net assets represent contributions, gifts, management fees and income from investments that can be used for the general purpose of the Foundation. Designations of unrestricted resources by the Board of Directors are recorded as unrestricted funds because such designations can be changed at the will of the Board.

Unrestricted net assets are comprised as follows at December 31,:

	2016	2015
Discretionary funds	\$ 20,436,504	\$ 20,482,030
Field of interest funds	3,062,119	2,859,352
Donor advised funds	1,538,557	1,618,916
Scholarship funds	5,813,375	5,212,172
Donor designated funds	5,006,090	4,876,956
Total unrestricted net assets	<u>\$ 35,856,645</u>	<u>\$ 35,049,426</u>

Temporarily restricted net assets represent contributions, gifts and income from investments that can be used for the purposes specified by the donor.

**NOTE 7 – NET ASSETS (CONTINUED)**

Temporarily restricted net assets are comprised as follows at December 31,:

	2016			
	Beginning	Additions	Release	Ending
Related program activities	\$ 336,831	\$ 190,862	\$ (475,115)	\$ 52,578
Charitable gift annuities	37,942	88	-	38,030
Total	<u>\$ 374,773</u>	<u>\$ 190,950</u>	<u>\$ (475,115)</u>	<u>\$ 90,608</u>

  

	2015			
	Beginning	Additions	Release	Ending
Related program activities	\$ 252,295	\$ 408,951	\$ (324,415)	\$ 336,831
Charitable gift annuities	43,899	(5,957)	-	37,942
Total	<u>\$ 296,194</u>	<u>\$ 402,994</u>	<u>\$ (324,415)</u>	<u>\$ 374,773</u>

**NOTE 8 – DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES**

Supporting services include development and management and general expenses. These functions are necessary to maintain and ensure an adequate working environment, to provide coordination and articulation of the Foundation's program mission, ensure proper administrative functioning of the Board of Directors and management of the financial and budgetary responsibilities of the Foundation. Included in these expenses are development expenses, which provide the structure necessary to encourage and secure financial support from individuals, businesses and foundations. Development expenses were \$20,947 and \$22,773 for the years ended December 31, 2016 and 2015, respectively.

The following program services are included in the accompanying financial statements:

*Grants*

The Foundation distributes grants from discretionary, donor advised, designated and field of interest funds to organizations and projects that benefit the communities of New Britain, Berlin, Plainville and Southington. The Foundation's grant-making strategy is intended to strengthen the capacity of the organizations and the community as a whole. Grants are awarded across a broad range of fields focusing on four areas of priority. The areas of priority are youth development, leadership development, education from early childhood to adulthood, and creating a greater awareness of the area's strengths and assets. These priorities are achieved through a range of programs including arts and culture, community and economic development, civic affairs, education, health, the environment and social services.

*Scholarships*

The Foundation distributes scholarship awards from managed scholarship funds according to the criteria established by the donors. The Foundation distributes scholarship awards from its own discretionary funds by committee. Recipients are primarily students from Berlin, New Britain, Plainville and Southington graduating from high school and planning to further their education.

*Program Expenses*

These expenses reflect staff costs and other expenses directly associated with administering the grants, scholarships, community meetings and activities relating to the program area of the Foundation's mission.

## **NOTE 8 – DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES (CONTINUED)**

### ***Related Program Activities Administered by the Foundation***

The Foundation is the fiscal agent for the Early Childhood Collaborative of Southington. The Foundation held a contract with the William Caspar Graustein Memorial Fund, whereby the Foundation had oversight of the work of the Coalition for New Britain's Youth, which ended on November 1, 2016. The Foundation was also the fiscal agent for the Family Resource Center of Southington through July 1, 2016.

As of December 31, 2016 and 2015, net assets of these funds totaled \$52,578 and \$336,831, respectively. Contributions recognized on behalf of these organizations were \$190,862 and \$408,951 for the years ended December 31, 2016 and 2015, respectively, which includes contributions made from the Foundation of \$54,999 and \$126,620, for the years ended December 31, 2016 and 2015, respectively. Expenses recognized on behalf of the organizations were \$475,115 and \$324,415 which includes a current year reclassification for amounts transferred to other organizations of \$137,049 for the year ended December 31, 2016.

## **NOTE 9 – SUPPORTING ORGANIZATIONS**

The Foundation entered into a Supporting Organization Agreement with the Community Chest of New Britain and Berlin, Inc. ("CCNBB"), a related party. CCNBB is a separate nonprofit organization, exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. IRS regulations require that the Foundation nominate a majority of all CCNBB Directors. However, CCNBB retains its ability to unilaterally act to make grants without oversight or approval by the Foundation; to adopt its own asset allocation strategy for CCNBB investments; and to adopt its own annual spending policy. The Supporting Organization Agreement outlines a broad set of services which CCNBB will receive from the Foundation and the fees to be charged for those services. CCNBB's total assets as of December 31, 2016 and 2015, respectively, were \$6,732,743 and \$6,754,418, of which \$4,564,128 and \$4,449,083 as of December 31, 2016 and 2015, respectively, is in the name of the Foundation. However, CCNBB has the right to request \$90,691 and \$2,050 from these funds, as of December 31, 2016 and 2015, respectively, in accordance with the fund agreement. As such, this portion of the assets under management is reflected in the statements of financial position.

The Foundation appoints "one-half plus one" members of the CCNBB Board of Directors. This group is referred to as the "CFGNB class" of the CCNBB's Board of Directors. Some members of the Foundation's Board of Directors are also part of this "CFGNB class." The Foundation received management fees from CCNBB of \$49,050 and \$47,400 for the years ended December 31, 2016 and 2015, respectively.

## **NOTE 10 – EMPLOYEE BENEFIT PLAN**

The Foundation maintains a tax-deferred retirement plan qualified under Internal Revenue Code Section 403(b). The plan covers all eligible employees. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. The Foundation contributed 10% of gross wages of each eligible employee hired before January 1, 2014 and 8% of gross wages of each eligible employee hired after such date. Foundation contributions totaled \$49,307 and \$47,633 for the years ended December 31, 2016 and 2015, respectively.

## NOTE 11 – LEASE COMMITMENTS

### Operating Lease

The Foundation entered into various leases that expire in 2017. Operating lease expense was \$3,983 and \$3,966 for the years ended December 31, 2016 and 2015, respectively. The payments required by the leases are \$3,340 for the year ended December 31, 2017.

### Rental Income

The Foundation has various real estate operating leases for different portions of the building that expire in 2019.

The future minimum rental income payments under the leases are as follows for the years ended December 31,:

2017	\$	45,445
2018		36,248
2019		6,071

# COMMUNITY FOUNDATION OF GREATER NEW BRITAIN AND AFFILIATES

## Schedule of Program and Supporting Services Expenses

For the year ended December 31, 2016  
(with comparative totals for the year ended December 31, 2015)

	2016								2015
	Related Program Activities				Supporting Services				
	Grantmaking	Early Childhood Collaboratives	Special Programs	Total Related Program	Total Program	Management & General	Development	Total Supporting Services	Total
Grants awarded	\$ 1,157,612	\$ 48,284	\$ -	\$ 48,284	\$ 1,205,896	\$ -	\$ -	\$ -	\$ 1,205,896
Less: agency endowments	(199,650)	-	-	-	(199,650)	-	-	-	(189,160)
Net grants awarded	957,962	48,284	-	48,284	1,006,246	-	-	-	1,103,764
Scholarships awarded	180,811	-	-	-	180,811	-	-	-	194,755
Total grants and scholarships	1,138,773	48,284	-	48,284	1,187,057	-	-	-	1,298,519
Other expenses:									
Salaries and wages	263,658	-	-	-	263,658	229,728	9,821	239,549	514,264
Employee benefits	51,392	-	-	-	51,392	58,877	1,527	60,404	104,115
Consulting	2,345	235,476	-	235,476	237,821	-	-	-	252,475
Building-related costs	19,519	-	-	-	19,519	54,261	727	54,988	75,969
Payroll taxes	20,326	-	-	-	20,326	17,980	735	18,715	42,382
Program expense	1,315	3,882	1,800	5,682	6,997	-	-	-	10,003
Legal, accounting and professional fees	46,426	2,600	5,000	7,600	54,026	22,375	-	22,375	97,574
Miscellaneous	10,598	301	-	301	10,899	2,928	-	2,928	1,959
Printing and publications	3,571	2,168	-	2,168	5,739	989	6,638	7,627	10,996
Conferences, conventions and meetings	3,219	19,348	1,301	20,649	23,868	5,195	437	5,632	29,502
Depreciation	-	-	-	-	-	7,095	-	7,095	5,392
Computer software and support	-	916	-	916	916	28,684	-	28,684	34,133
Office expense	2,084	2,823	-	2,823	4,907	19,688	984	20,672	33,637
Travel	997	1,635	-	1,635	2,632	80	78	158	1,875
Insurance	-	-	-	-	-	5,272	-	5,272	5,217
Membership dues and subscriptions	2,904	525	-	525	3,429	1,715	-	1,715	6,484
Website	165	300	-	300	465	2,780	-	2,780	7,218
Total other expenses	428,519	269,974	8,101	278,075	706,594	457,647	20,947	478,594	1,233,195
Total expenses	\$ 1,567,292	\$ 318,258	\$ 8,101	\$ 326,359	\$ 1,893,651	\$ 457,647	\$ 20,947	\$ 478,594	\$ 2,531,714