

**COMMUNITY FOUNDATION OF
GREATER NEW BRITAIN**

Independent Auditors' Report
Financial Statements

December 31, 2024 and 2023



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COMMUNITY FOUNDATION OF GREATER NEW BRITAIN

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Community Foundation of Greater New Britain (the "Foundation") (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

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

Hartford, Connecticut
May 20, 2025

COMMUNITY FOUNDATION OF GREATER NEW BRITAIN

Statements of Financial Position

December 31, 2024 and 2023

	2024	2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,874,762	\$ 1,278,286
Prepaid expenses	26,926	19,045
Total current assets	<u>1,901,688</u>	<u>1,297,331</u>
Other assets:		
Investments	70,204,489	55,093,777
Split-interest agreements	2,091	3,444
Total investments	<u>70,206,580</u>	<u>55,097,221</u>
Property, plant and equipment, net	<u>315,854</u>	<u>345,135</u>
Total other assets	<u>70,522,434</u>	<u>55,442,356</u>
Total assets	<u><u>\$ 72,424,122</u></u>	<u><u>\$ 56,739,687</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 53,085	\$ 72,151
Grants payable	49,225	47,975
Total current liabilities	<u>102,310</u>	<u>120,126</u>
Long-term liabilities:		
Agency endowments	8,075,291	7,940,250
Total long-term liabilities	<u>8,075,291</u>	<u>7,940,250</u>
Total liabilities	<u>8,177,601</u>	<u>8,060,376</u>
Net assets:		
Without donor restrictions	64,203,718	48,617,578
With donor restrictions	42,803	61,733
Total net assets	<u>64,246,521</u>	<u>48,679,311</u>
Total liabilities and net assets	<u><u>\$ 72,424,122</u></u>	<u><u>\$ 56,739,687</u></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, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues						
Support:						
Gifts and contributions	\$ 13,536,546	\$ 86,125	\$ 13,622,671	\$ 759,724	\$ 86,392	\$ 846,116
Less: agency endowment gifts	(17,496)	-	(17,496)	(250)	-	(250)
Total gifts and contributions	13,519,050	86,125	13,605,175	759,474	86,392	845,866
Revenues:						
Realized and unrealized gains on investments	4,193,095	-	4,193,095	5,774,134	-	5,774,134
Interest and dividends, net of investment fees	843,506	-	843,506	713,555	-	713,555
Change in value of split-interest agreements	-	(1,353)	(1,353)	-	(218)	(218)
Miscellaneous revenue	75,385	-	75,385	75,397	-	75,397
Rent revenue	43,430	-	43,430	49,998	-	49,998
Total revenues	5,155,416	(1,353)	5,154,063	6,613,084	(218)	6,612,866
Net assets released from restrictions	103,702	(103,702)	-	95,113	(95,113)	-
Total support and revenues	18,778,168	(18,930)	18,759,238	7,467,671	(8,939)	7,458,732
Operating Expenses						
Program	2,456,725	-	2,456,725	2,032,173	-	2,032,173
Management and general	658,685	-	658,685	586,965	-	586,965
Development	76,618	-	76,618	79,237	-	79,237
Total operating expenses	3,192,028	-	3,192,028	2,698,375	-	2,698,375
Change in net assets	15,586,140	(18,930)	15,567,210	4,769,296	(8,939)	4,760,357
Net assets, beginning of year	48,617,578	61,733	48,679,311	43,848,282	70,672	43,918,954
Net assets, end of year	\$ 64,203,718	\$ 42,803	\$ 64,246,521	\$ 48,617,578	\$ 61,733	\$ 48,679,311

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

COMMUNITY FOUNDATION OF GREATER NEW BRITAIN

Statements of Functional Expenses

For the years ended December 31, 2024 and 2023

	2024				2023			
	Program	Management and General	Development	Total	Program	Management and General	Development	Total
Grants awarded	\$ 2,074,244	\$ -	\$ -	\$ 2,074,244	\$ 1,444,955	\$ -	\$ -	\$ 1,444,955
Less: agency endowments	(615,090)	-	-	(615,090)	(300,200)	-	-	(300,200)
Net grants awarded	1,459,154	-	-	1,459,154	1,144,755	-	-	1,144,755
Scholarships awarded	349,963	-	-	349,963	301,435	-	-	301,435
Total grants and scholarships	1,809,117	-	-	1,809,117	1,446,190	-	-	1,446,190
Other expenses:								
Salaries and wages	336,115	342,287	50,185	728,587	325,277	288,993	53,810	668,080
Employee benefits	56,663	79,958	4,332	140,953	51,912	65,674	4,803	122,389
Consulting	67,804	-	-	67,804	75,901	-	-	75,901
Building-related costs	11,549	36,795	1,724	50,068	11,904	35,027	1,969	48,900
Payroll taxes	24,978	25,562	3,700	54,240	24,135	21,520	3,919	49,574
Program expense	75,582	-	-	75,582	43,983	-	-	43,983
Legal, accounting and professional fees	2,943	29,000	-	31,943	2,493	31,550	-	34,043
Miscellaneous	7,652	4,463	-	12,115	185	8,926	-	9,111
Printing and publications	10,408	17,494	3,450	31,352	9,029	14,007	3,051	26,087
Conferences, conventions and meetings	9,612	20,903	1,012	31,527	8,076	12,316	1,374	21,766
Depreciation	7,714	38,205	1,152	47,071	6,074	38,150	1,005	45,229
Computer software and support	19,145	33,848	8,862	61,855	16,015	38,176	7,299	61,490
Office expense	5,704	16,330	1,757	23,791	3,959	20,148	1,363	25,470
Travel	1,914	2,271	329	4,514	1,457	1,224	644	3,325
Insurance	1,325	7,716	-	9,041	1,275	7,299	-	8,574
Membership dues and subscriptions	5,345	3,029	-	8,374	4,308	2,797	-	7,105
Website	3,155	824	115	4,094	-	1,158	-	1,158
Total other expenses	647,608	658,685	76,618	1,382,911	585,983	586,965	79,237	1,252,185
Total expenses	\$ 2,456,725	\$ 658,685	\$ 76,618	\$ 3,192,028	\$ 2,032,173	\$ 586,965	\$ 79,237	\$ 2,698,375

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

COMMUNITY FOUNDATION OF GREATER NEW BRITAIN

Statements of Cash Flows

December 31, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets:	\$ 15,567,210	\$ 4,760,357
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation	47,071	45,229
Realized gains on investments	(53,130)	(894,312)
Unrealized gains on investments	(4,139,965)	(4,879,822)
(Increase)/decrease in assets:		
Contributions receivable	-	100
Prepaid expenses	(7,881)	4,261
Increase/(decrease) in liabilities:		
Accounts payable and accrued expenses	(19,066)	(24,778)
Grants payable	1,250	(276,444)
Liability under charitable gift annuities	-	(945)
Agency endowments	135,041	699,310
Net change in cash from operating activities	<u>11,530,530</u>	<u>(567,044)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	14,576,307	4,824,257
Purchases of investments	(25,492,571)	(3,411,012)
Purchases of property and equipment	(17,790)	(18,712)
Net change in cash from investing activities	<u>(10,934,054)</u>	<u>1,394,533</u>
Net change in cash and cash equivalents	596,476	827,489
Cash and cash equivalents, beginning of year	<u>1,278,286</u>	<u>450,797</u>
Cash and cash equivalents, end of year	<u>\$ 1,874,762</u>	<u>\$ 1,278,286</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, 2024 and 2023

NOTE 1 – ORGANIZATION AND 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 two classifications:

Without donor restrictions – These net assets are defined as assets that are free of donor-imposed stipulations and include all investment income and appreciation not subject to donor-imposed stipulations.

With donor restrictions – 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 Board of Directors.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions 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 net assets with donor restrictions. When a restriction expires, either when a time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions 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 net assets without donor restrictions. 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 net assets without donor restrictions, 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.

Cash and Cash Equivalents – Cash equivalents include 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.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Investments in hedge funds and private equity funds are valued at fair values that are not readily determinable. 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 5.5% 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, hedge funds, and private equity 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 follows 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. |
| 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.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 5.5% 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 2024, the Foundation in some instances limited 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, 2023. This calculation is used to protect funds from declines in real value during down markets. The amount available for spending was approximately \$3,322,000 and \$2,845,000 for the years ended December 31, 2024 and 2023, respectively. These amounts are available for grant making and administrative expenses to support the operation of the Foundation for that respective year. For the years ending December 31, 2024 and 2023, total expenses for the Foundation amounted to \$3,192,028 and \$2,698,375, respectively. Expenses in excess of spending policy limitations were funded by other revenue sources that were to be used towards the Foundation's operations.

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 fair values as of the date of donation.

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.

Functional Expenses – The statements of activities and changes in net assets present expenses by functional classification. The Foundation summarizes its expenses by functional and natural classification in the statements of functional expenses.

Salaries, wages and benefits are charged directly to the program or supporting service for which work has been done based on management estimates. Overhead is based on staff allocation to functional areas. Building-related costs and depreciation are allocated based on square footage.

NOTE 1 – ORGANIZATION AND 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.

Subsequent Events – The Foundation monitored and evaluated any subsequent events for footnote disclosures or adjustments required in its financial statements for the year ended December 31, 2024 through May 20, 2025, the date on which the financial statements were available to be issued.

NOTE 2 – LIQUIDITY AND AVAILABILITY

The Foundation's financial assets available for general expenditure within twelve months of December 31, are as follows:

	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 1,874,762	\$ 1,278,286
Investments	<u>70,204,489</u>	<u>55,093,777</u>
Total financial assets	<u>72,079,251</u>	<u>56,372,063</u>
Less: Amounts unavailable for general expenditure within twelve months:		
Restricted by donors with purpose restrictions	(42,803)	(61,733)
Agency endowments	(8,075,291)	(7,940,250)
Quasi-endowment	<u>(62,129,198)</u>	<u>(47,153,527)</u>
Total amounts unavailable for general expenditure within twelve months	<u>(70,247,292)</u>	<u>(55,155,510)</u>
	1,831,959	1,216,553
Spending policy amount expected to be available for use	<u>3,321,640</u>	<u>2,845,000</u>
Total financial assets available to management for general expenditure within twelve months	<u>\$ 5,153,599</u>	<u>\$ 4,061,553</u>

The Foundation has net assets without donor restrictions totaling \$24,651,970 that could be made available by a vote of the board of directors.

NOTE 3 – INVESTMENTS

The following table presents the investments measured at fair value as of December 31, 2024:

	Level 1	Level 2	Level 3	Fair Value
Short-term investments	\$ 2,831,753	\$ -	\$ -	\$ 2,831,753
Mutual funds	44,771,522	10,196,346	-	54,967,868
Private equity fund	-	-	6,176,370	6,176,370
Total investments, at fair value	47,603,275	10,196,346	6,176,370	63,975,991
Hedge funds valued at NAV	-	-	-	6,230,589
Total investments	<u>\$ 47,603,275</u>	<u>\$ 10,196,346</u>	<u>\$ 6,176,370</u>	<u>\$ 70,206,580</u>

The following table presents the investments measured at fair value as of December 31, 2023:

	Level 1	Level 2	Level 3	Fair Value
Short-term investments	\$ 1,498	\$ -	\$ -	\$ 1,498
Mutual funds	44,279,421	-	-	44,279,421
Private equity fund	-	-	5,188,053	5,188,053
Total investments, at fair value	44,280,919	-	5,188,053	49,468,972
Hedge funds valued at NAV	-	-	-	5,628,249
Total investments	<u>\$ 44,280,919</u>	<u>\$ -</u>	<u>\$ 5,188,053</u>	<u>\$ 55,097,221</u>

The Foundation invests in private equity funds. As of December 31, 2024 and 2023, the unfunded capital commitment for the funds was \$2,833,784 and \$3,428,784, respectively.

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

Short term investments – Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds – Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (“NAV”) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Private equity fund – Valued based upon an appraisal. This appraisal was based upon a combination of the market and income valuation techniques.

Hedge funds – Valued as of the close of business at the end of each month in accordance with the valuation principles set forth below or as may be determined from time to time pursuant to policies established by the Board. The NAV is used as a practical expedient to estimate fair value and is based on the fair value of the underlying investments held by the fund less its liability.

There have been no changes in the valuation methodologies used for assets measured at fair value at December 31, 2024 and 2023.

NOTE 3 – INVESTMENTS (CONTINUED)

The following table sets forth a summary of changes in the fair value of the Foundation's level 3 assets:

	Private Equity Funds
Balance, January 1, 2023	\$ 4,012,437
Unrealized/realized gains	292,668
Transfers	936,159
Administrative fees	(48,045)
Distributions	(5,166)
Balance, December 31, 2023	5,188,053
Unrealized/realized gains	472,908
Transfers	581,144
Administrative fees	(56,087)
Distributions	(9,648)
Balance, December 31, 2024	<u>\$ 6,176,370</u>

NOTE 4 – ENDOWMENT

The Foundation follows 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 comprised of 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:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance as of January 1, 2023	\$ 50,731,725	\$ 4,607	\$ 50,736,332
Interest and dividends, net of investment fees	710,763	-	710,763
Net appreciation	5,774,134	-	5,774,134
Additions	845,866	-	845,866
Amounts appropriated for expenditure	(3,668,021)	(945)	(3,668,966)
Change in agency endowment	699,310	-	699,310
Change in split-interest agreements	-	(218)	(218)
Balance as of December 31, 2023	55,093,777	3,444	55,097,221
Interest and dividends, net of investment fees	800,450	-	800,450
Net appreciation	4,193,095	-	4,193,095
Additions	13,605,175	-	13,605,175
Amounts appropriated for expenditure	(3,623,049)	-	(3,623,049)
Change in agency endowment	135,041	-	135,041
Change in split-interest agreements	-	(1,353)	(1,353)
Balance as of December 31, 2024	<u>\$ 70,204,489</u>	<u>\$ 2,091</u>	<u>\$ 70,206,580</u>

NOTE 4 – ENDOWMENT (CONTINUED)

The interest and dividends, net of investment expenses, above, does not include interest on unendowed funds. Interest on unendowed funds were \$43,056 and \$2,792 for the years ended December 31, 2024 and 2023, respectively.

As of December 31, 2024 and 2023 there were 15 and 17 funds, respectively, with market values that were less than their historic gift amount. Historic gift amounts for the funds totaled \$6,461,223 and market value totaled \$6,356,822 as of December 31, 2024. Historic gift amounts for underwater funds as of December 31, 2023 totaled \$2,803,910 and market value totaled \$2,717,171.

NOTE 5 – SPLIT-INTEREST AGREEMENTS

Charitable Gift Annuities – The Board of Directors of the Foundation has 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. Annuity 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. There were no annuity contracts that matured in 2024 and 2023; therefore, no assets reverted to the Foundation.

NOTE 6 – PROPERTY, PLANT AND EQUIPMENT

The cost and accumulated depreciation of property, plant, and equipment are as follows as of December 31, 2024:

	Cost	Accumulated Depreciation	Net Book Value
Land and building	\$ 834,573	\$ 538,262	\$ 296,311
Furniture and equipment	137,987	118,444	19,543
Total	<u>\$ 972,560</u>	<u>\$ 656,706</u>	<u>\$ 315,854</u>

The cost and accumulated depreciation of property, plant, and equipment are as follows as of December 31, 2023:

	Cost	Accumulated Depreciation	Net Book Value
Land and building	\$ 825,671	\$ 507,016	\$ 318,655
Furniture and equipment	137,061	110,581	26,480
Total	<u>\$ 962,732</u>	<u>\$ 617,597</u>	<u>\$ 345,135</u>

NOTE 7 – 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 with a corresponding liability. The agency endowment balances as of December 31, 2024 and 2023 were \$8,075,291 and \$7,940,250, respectively.

NOTE 8 – NET ASSETS

Net assets without donor restrictions represent contributions, gifts, management fees and income from investments that can be used for the general purpose of the Foundation. Designations of net assets without donor restrictions by the Board of Directors are recorded as net assets without donor restrictions because such designations can be changed by a vote of the Board.

Net assets without donor restrictions are comprised as follows at December 31,:

	2024	2023
Board designated discretionary funds	\$ 24,651,970	\$ 23,538,955
Field of interest funds	4,574,557	4,376,202
Donor advised funds	11,283,377	3,436,916
Scholarship funds	15,037,767	9,286,603
Donor designated funds	8,656,047	7,978,902
Total net assets without donor restrictions	<u>\$ 64,203,718</u>	<u>\$ 48,617,578</u>

Net assets with donor restrictions represent contributions, gifts and income from investments that can be used for the purposes specified by the donor.

Net assets with donor restrictions are comprised as follows at December 31,:

	2024			
	Beginning	Additions/ Deductions	Release	Ending
Related program activities	\$ 58,289	\$ 86,125	\$ (103,702)	\$ 40,712
Charitable gift annuities	3,444	(1,353)	-	2,091
Total	<u>\$ 61,733</u>	<u>\$ 84,772</u>	<u>\$ (103,702)</u>	<u>\$ 42,803</u>

NOTE 8 – NET ASSETS (CONTINUED)

	2023			
	Beginning	Additions/ Deductions	Release	Ending
Related program activities	\$ 67,010	\$ 86,392	\$ (95,113)	\$ 58,289
Charitable gift annuities	3,662	(218)	-	3,444
Total	<u>\$ 70,672</u>	<u>\$ 86,174</u>	<u>\$ (95,113)</u>	<u>\$ 61,733</u>

NOTE 9 – DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES

Supporting services include 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. Also included in these expenses are development expenses, which provide the structure necessary to encourage and secure financial support from individuals, businesses and foundations.

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.

Related Program Activities Administered by the Foundation

The Early Childhood Collaborative of Southington is a related program administered by the Foundation. As of December 31, 2024 and 2023, net assets of this fund totaled \$40,712 and \$58,289, respectively. Contributions recognized on behalf of this organization were \$86,125 and \$86,392 for the years ended December 31, 2024 and 2023, respectively, which includes contributions made from the Foundation of \$-0- and \$2,000, for the years ended December 31, 2024 and 2023, respectively. Expenses recognized on behalf of the organization were \$103,702 and \$95,113.

NOTE 10 – 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, 2024 and 2023, respectively, were \$7,463,232 and \$7,043,909, of which \$6,565,643 and \$6,193,859 as of December 31, 2024 and 2023, respectively, are in the name of the Foundation. As of December 31, 2024 and 2023, there were no amounts available to be requested by CCNBB as all funds were transferred to the Foundation to be held as designated funds.

During 2020, the Foundation became the fiduciary of the Harriett Russell Stanley Trust, Georgia K. Thomson Charitable Remainder Annuity Trust, and the Mary S. Whittlesey Trust, totaling \$1,666,025, all of which are for the benefit of CCNBB and are recorded in component funds. As of December 31, 2024 and 2023, the trusts were valued at \$1,811,049 and \$1,714,223, respectively.

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 \$51,120 and \$50,460 for the years ended December 31, 2024 and 2023 respectively.

NOTE 11 – 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 7% of gross wages for all eligible employees. Foundation contributions totaled \$47,738 and \$44,769 for the years ended December 31, 2024 and 2023, respectively.

NOTE 12 – COMMITMENTS

Rental Income

The Foundation has various real estate operating leases for different portions of the building that expire through 2031. The future minimum rental income payments under the leases are as follows for the years ending December 31,:

2025	\$	38,176
2026		40,372
2027		22,274
2028		23,977
2029		25,777
Thereafter		22,085
		<hr/>
Total	\$	<u><u>172,661</u></u>

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