Community Foundation for Nantucket, Inc.

Financial Statements

December 31, 2025 and 2024

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Our Vision

The Community Foundation for Nantucket works to enhance the well-being of our community by addressing critical issues and supporting the social, physical, cultural, economic, and environmental conditions essential for all Islanders to flourish and fulfill their potential.

Our Mission

Our mission is to strengthen Nantucket now and for future generations through thoughtful philanthropy and community leadership.

In pursuit of this mission, we act as a:

Grant Maker – by strategically awarding grants through the Nantucket Fund™ and donor-directed funds to critical island nonprofits to support their work and provide essential services in our Island community.

Charitable Resource – by maintaining a trusted in-depth knowledge of the nonprofit sector, and by providing education, discussion forums, resources, and managerial support for donors, nonprofits, and the community.

Convener – by organizing community leaders to assess Nantucket's most critical needs and facilitate collaborative solutions.

Steward – by creating and managing funds to ensure a permanent legacy for charitable solutions and providing donors with informed gift-giving advice.

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Contents

	Page
Independent Auditor's Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-21

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Independent Auditor's Report

To the Board of Directors of
Community Foundation for Nantucket, Inc.

Opinion

We have audited the accompanying financial statements of Community Foundation for Nantucket, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Foundation for Nantucket, Inc. as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Nantucket, 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 opinion.

Prior Period Financial Statements

The financial statements of Community Foundation for Nantucket, Inc. as of December 31, 2024 were audited by Anstiss & Co., P.C. who merged with Grassi & Co., CPAs, P.C. as of January 1, 2025, and whose report dated June 11, 2025, expressed an unmodified opinion of those statements.

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 Nantucket, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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 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 Community Foundation for Nantucket, 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 Nantucket, 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.

Grassi & Co, CPAs, P.C.

GRASSI & CO., CPAs, P.C.

Chelmsford, Massachusetts
May 8, 2026

Community Foundation for Nantucket, Inc.
Statements of Financial Position
December 31, 2025 and 2024

	2025	2024
ASSETS		
Current assets		
Cash and cash equivalents	$ 6,485,710	$ 4,469,201
Non-endowed investments	11,001,883	9,180,729
Accounts receivable	51	912
Pledges receivable - current	54,291	129,533
Prepaid expenses	40,201	29,600
Total current assets	17,582,136	13,809,975
Non-Current assets		
Fixed assets - net	734,465	771,162
Cash held for endowment	1,381,418	111,965
Pledges receivable - net of discount	1,616	53,164
Endowment pledges receivable - net of discount	-	30,000
Endowment investment in closely held stock	1,217,352	1,770,143
Endowment investments	13,037,006	13,020,607
Total non-current assets	16,371,857	15,757,041
Total assets	$ 33,953,993	$ 29,567,016
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	$ 39,625	$ 52,002
Grants payable	57,270	-
Total current liabilities	96,895	52,002
Long-term liabilities		
Agency endowment funds	51,589	44,668
Fiscal agency funds	527,291	239,181
Total long-term liabilities	578,880	283,849
Total liabilities	675,775	335,851
Net assets		
Without donor restrictions		
Other undesignated net assets	16,852,069	13,330,068
Designated for endowment	15,635,777	14,932,715
Invested in property and equipment	734,465	771,162
Total without donor restrictions	33,222,311	29,033,945
With donor restrictions		
Net assets restricted as to time	55,907	197,220
Total with donor restriction	55,907	197,220
Total net assets	33,278,218	29,231,165
Total liabilities and net assets	$ 33,953,993	$ 29,567,016

See the accompanying notes to these financial statements.

Community Foundation for Nantucket, Inc.
Statements of Activities
For the Years Ended December 31, 2025 and 2024

	Without Donor Restrictions	With Donor Restrictions	Total 2025	Without Donor Restrictions	With Donor Restrictions	Total 2024
Support and revenue						
Contributions and grants	$ 8,118,659	$ -	$ 8,118,659	$ 5,385,610	$ 5,000	$ 5,390,610
Government grants	-	-	-	-	275,005	275,005
In-kind goods	4,800	-	4,800	4,333	-	4,333
Project support	86,250	-	86,250	70,000	-	70,000
Investment return	2,615,128	-	2,615,128	2,535,992	-	2,535,992
Other revenue	65,225	-	65,225	35,174	-	35,174
Net assets released from restrictions	141,313	(141,313)	-	737,980	(737,980)	-
Total support and revenue	11,031,375	(141,313)	10,890,062	8,769,089	(457,975)	8,311,114
Expenses						
Program services	5,868,278	-	5,868,278	5,159,688	-	5,159,688
General and administrative	522,377	-	522,377	564,572	-	564,572
Fundraising	452,354	-	452,354	233,104	-	233,104
Total expenses	6,843,009	-	6,843,009	5,957,364	-	5,957,364
Change in net assets	4,188,366	(141,313)	4,047,053	2,811,725	(457,975)	2,353,750
Net assets at beginning of year	29,033,945	197,220	29,231,165	26,222,220	655,195	26,877,415
Net assets at end of year	$ 33,222,311	$ 55,907	$ 33,278,218	$ 29,033,945	$ 197,220	$ 29,231,165

See the accompanying notes to these financial statements.

Community Foundation for Nantucket, Inc.
Statements of Functional Expenses
For the Years Ended December 31, 2025 and 2024

	2025			
	Program Expenses	General & Administrative	Fundraising	Total
Grants and scholarships	$ 4,391,704	$ -	$ -	$ 4,391,704
Program expenses	971,708	-	-	971,708
Salaries and related	175,359	237,206	141,913	554,478
Legal and accounting	-	120,498	-	120,498
Professional fees other	204,391	8,707	27,614	240,712
Occupancy	20,122	25,155	17,403	62,680
Insurance	6,914	3,457	3,457	13,828
Marketing and promotion	70,557	13,968	257,380	341,905
Office supplies and expenses	-	30,622	-	30,622
Website	-	9,732	-	9,732
Depreciation	27,523	4,587	4,587	36,697
Dues and subscriptions	-	31,435	-	31,435
Meetings and conferences	-	17,010	-	17,010
Bad debt expense	-	20,000	-	20,000
Total expenses by function	$ 5,868,278	$ 522,377	$ 452,354	$ 6,843,009

	2024			
	Program Expenses	General & Administrative	Fundraising	Total
Grants and scholarships	$ 4,547,818	$ -	$ -	$ 4,547,818
Program expenses	95,428	-	-	95,428
Salaries and related	165,982	190,150	122,129	478,261
Legal and accounting	-	140,014	-	140,014
Professional fees other	260,184	45,209	-	305,393
Occupancy	17,534	18,995	12,177	48,706
Insurance	4,299	2,149	2,149	8,597
Marketing and promotion	40,694	11,879	72,262	124,835
Office supplies and expenses	-	39,757	-	39,757
Website	-	19,091	-	19,091
Depreciation	27,749	4,625	4,625	36,999
Dues and subscriptions	-	15,367	-	15,367
Meetings and conferences	-	5,593	19,762	25,355
Bad debt expense	-	71,743	-	71,743
Total Expenses by function	$ 5,159,688	$ 564,572	$ 233,104	$ 5,957,364

Community Foundation for Nantucket, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

	2025	2024
Cash flows from operating activities		
Change in net assets	$ 4,047,053	$ 2,353,750
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities		
Depreciation and amortization	36,697	36,999
Amortization of discount on promises to give	(13,242)	(15,476)
Realized/unrealized (gain) loss on non-endowed investments	(2,339,103)	226,408
Contributions restricted to endowment	(1,000)	(2,033,999)
Change in value of agency endowment liability	6,921	4,200
Realized/unrealized gain on endowment investments	544,208	(933,094)
Changes in assets and liabilities		
Decrease in accounts receivable	861	56,712
Decrease in pledges receivable	140,032	254,328
Increase in prepaid expenses	(10,601)	(11,553)
(Decrease) increase in accounts payable and accrued expenses	(12,377)	33,219
Increase (decrease) in grants payable	57,270	(17,566)
Increase in fiscal agency liability	288,110	21,198
Net cash provided (used) by operating activities	2,744,829	(24,874)
Cash flows from investing activities		
Purchases of non-endowed investments	(609,892)	(2,913,141)
Proceeds from the sale of non-endowed investments	1,120,517	4,148,222
Withdrawals from agency endowment funds - net	-	-
(Withdrawals from) additions to endowment - net	(492)	(160,946)
Net cash provided by investing activities	510,133	1,074,135
Cash flows from financing activities		
Collection of contributions restricted to endowment	31,000	130,000
Net cash provided by financing activities	31,000	130,000
Net increase in cash and cash equivalents	3,285,962	1,179,261
Cash and cash equivalents at December 31, 2024 and 2023	4,581,166	3,401,905
Cash and cash equivalents at December 31, 2025 and 2024	7,867,128	4,581,166
Cash held for endowment	1,381,418	111,965
Operating cash	$ 6,485,710	$ 4,469,201

	2025	2024
Supplemental cash flow information		
In-kind donations	$ 4,800	$ 4,333

Community Foundation for Nantucket, Inc.
Notes to Financial Statements
December 31, 2025 and 2024

Note 1 – Organization

Community Foundation for Nantucket, Inc. ("CFN" or "the Foundation") is incorporated under the provisions of Massachusetts General Laws Chapter 180 and qualifies as a tax-exempt, nonprofit corporation under Section 501(c)(3) for the Internal Revenue Code. The Foundation has been classified as an organization which is not a private foundation under IRC Section 509(a); accordingly, contributions made to the Foundation qualify for the maximum charitable deduction for federal income tax purposes.

The Foundation was founded in 2005 by a group of local residents who identified the need for an organization to support and enrich the quality of life for Nantucket's growing community. The Foundation seeks to build endowments and donor advised funds to support public benefit purposes.

The Foundation is primarily funded through contributions and pledges from the general public and holds and makes grants from the following types of funds:

Donor-Advised Funds
The Foundation offers several types of funds that enable donors to identify funding opportunities aligned with their values and charitable interests. Donor-Advised Funds allow donors to recommend grant recipients, subject to the Foundation's due diligence and approval. Collectively, these funds granted $2,695,596 and $1,934,097 for charitable purposes during 2025 and 2024, respectively.

Designated Funds
The Foundation administers Designated funds that benefit a specific charitable organizations. Designated Funds distributed $428,829 and $244,543 to their respective areas of focus during 2025 and 2024, respectively. Designated funds can only make grants to designated nonprofit organizations.

Field of Interest Funds
Overall, Field of Interest Funds enable donors to support a broad charitable purpose or a category of interest (e.g., mental health, animal welfare, arts, education, human services) and/or target populations (e.g., youth, immigrants, senior citizens). Field of Interest Funds fall into three sub-categories:

General Field of Interest Funds: Similar to the Nantucket Fund below, provides funding for local programs and services, but only makes grants to charitable organizations aligned with the purpose or category of interest fund. CFN had no General Field of Interest Funds during 2025 and 2024.

Foundation Partners: When the Board of Trustees believes there is a long-term need to maintain a fund with a specific purpose or category of interest and there is a group in the local community that will maintain a leadership role, they will designate the fund a "Foundation Partner" fund. Examples include the Nantucket License Plate Fund and the Madaket Conservation Association Project Fund. Foundation Partner Funds distributed $443,070 and $1,407,335 to their respective projects during 2025 and 2024, respectively.

Note 1 – Organization (continued)

Project Funds: Additionally, certain special project funds are categorized as Field of Interest Funds. Although the primary purpose of the Foundation is to build endowment funds to secure the future of charitable giving on Nantucket, the Board is aware that there is sometimes a short-term need for funding to carry out a project (e.g., a bike path, landscape beautification) that will be a long-term benefit to Nantucket. In other cases, a worthy organization is in the process of filing for charitable status and needs to receive donations and process costs associated with their program while their tax-exempt application is pending. In such cases, the Foundation has the ability to establish a special project Field of Interest Fund as a service to the community. This type of field of Interest Fund leaves the sponsoring group free to concentrate on fundraising and completing the project and the foundation handles the administration. Together, the special project Field of Interest Funds distributed $36,610 and $34,032 during 2025 and 2024, respectively, to their respective projects through a combination of grants and program expenses on behalf of funds. Examples of special project Field of Interest Funds include the Nantucket Pond Coalition Fund and the Addiction Solutions Fund. The expenses associated with these projects and programs are not part of the operating expenses of the Foundation, but are paid from the funds received that were specifically donated to the special project Field of Interest Fund.

Scholarship Funds

The Foundation administers 15 scholarship programs, all of which are designated for residents of Nantucket. During 2025 and 2024, $114,700 and $74,700 was awarded to 29 Nantucket students, respectively

Operating Fund

The Foundation operates with a full-time Executive Director and three full-time equivalent employees. Funds for the administration and the Foundation's community leadership activities are sourced from administrative fees charged to the respective funds, contributions to the Foundation's Operating Fund and interfund transfers from the Foundation's Nantucket Fund in accordance with its annual spending policy.

Nantucket Fund™

Through the Nantucket Fund™, donors can contribute funds to address community needs. This group of funds primarily serves as a permanent charitable resource for Nantucket. It grows through community support and provides much-needed funding for local programs and services. It allows the Foundation to act strategically to improve the community by addressing the most urgent needs.

Note 1 – Organization (continued)

Nantucket Fund™ funds fall into four sub-categories:

Nantucket Fund – Unrestricted Fund: The unrestricted fund supports the Island through the Community Foundation for Nantucket's grantmaking to critical needs and initiatives, community convening, and informed philanthropy.

Nantucket Fund – Grantmaking: The grantmaking fund distributed $879,980 and $499,748 to charitable organization on Nantucket during 2025 and 2024, respectively.

Nantucket Fund for Emergency Relief – Grantmaking: In March 2020, the Foundation created this COVID-19 Response Fund. The grantmaking fund distributed $0 and $19,871 to charitable organizations on Nantucket during 2025 and 2024, respectively. The Nantucket Fund for Emergency Relief was closed as of December 31, 2025.

Nantucket Fund – Board Designated Endowment: Because the Foundation's mission is to strengthen Nantucket now and for future generations through informed philanthropy and community leadership, portions of the Nantucket fund have been designated by the Board of Trustees to act as an endowment.

Nantucket Fund – Donor Designated Endowment: Because the Foundation's mission is to strengthen Nantucket now and for future generations through informed philanthropy and community leadership, portions of the Nantucket Fund have been designated by some of the Foundation's donors to act as endowment.

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 upon 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 and those donor created funds subject to the Foundation's variance power.

In addition, the Board may vote to set aside a certain dollar amount or percentage of net assets without donor restrictions for use at a specific time, for a specific purpose, or to function as endowment. These board-designated net assets may become undesignated with the passage of time or when used for their intended purpose. The Board may also undesignate these net assets at its discretion if the originally intended time period or purpose is deemed to be no longer relevant or applicable to the needs of the Foundation. As of December 31, 2025 and 2024, there were net assets designated for endowment of $15,635,777 and $14,932,715, respectively.

Note 2 – Summary of Significant Accounting Policies *(continued)*

Basis of Presentation (continued)

Net Assets With Donor Restrictions

Net assets subject to donor-imposed stipulations that are either held in perpetuity or have restrictions that are met, either by actions of the Foundation and/or the passage of time, are classified as net assets with donor restrictions. All income and unrealized and realized net gains on investments related to net assets held in perpetuity are considered time or purpose restricted. These funds can be made available for expenditure as the Foundation appropriates its annual spending based on the use of a spending policy or in accordance with donor restrictions. When a restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

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 that are held for 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 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. The fair value hierarchy consists 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 or inactive markets and other significant 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 significant 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.

Note 2 – Summary of Significant Accounting Policies *(continued)*

Fair Value Measurements (continued)

The carrying amounts for cash and cash equivalents, pledges receivable - current, prepaid expenses, accounts payable and accrued expenses, and grants payable, approximate fair value due to their short-term nature. 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. The Foundation has not adopted any of the additional fair value options allowed under the standard.

Investments

The Foundation maintains its investments in pooled investment portfolios with Greater Horizons, a subsidiary of the Greater Kansas City Community Foundation. Amounts held in these pooled funds are valued at net asset value which approximates fair value. Investment earnings, unrealized and realized gains/losses and investment expenses are allocated monthly on a pro rata basis representative of the Foundation's percentage of ownership in each pooled fund, as adjusted for additions to or deductions from the account. The portion of investments held for endowment are reported as non-current assets.

Pledges receivable

Promises to give due within the next twelve months are recorded at their net realizable value. Unconditional promises to give due in more than twelve months are recognized initially at fair value in the period the promise is made by the donor. The fair value of a pledge is estimated based on anticipated future cash receipts (net of an allowance for uncollectible amounts), discounted using a 7% rate. In subsequent periods, amortization of the discount rate is included in contribution revenue in the statements of activities. The allowance for uncollectable promise 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. Management believes that all receivables are fully collectible, therefore, there was no allowance for doubtful accounts as of December 31, 2025 and 2024.

As of December 31, 2025 and 2024, amounts due from one donor accounted for 88% and 43% of total pledges receivable, respectively.

Fixed Assets

All property and equipment additions of $5,000 or more are capitalized and recorded at cost if purchased or constructed, or at fair market value at the date of the gift, if donated. Maintenance, repairs, rearrangement expenses, and renewal and betterments that do not significantly enhance the value or increase the basic productive capacity of the assets are charged to expenses as incurred. The Foundation depreciates property and equipment using the straight-line method over useful lives of the assets as follows:

	Years
Buildings and improvements	10-39
Furniture and equipment	3-10
Vehicles	3-5
Furniture and equipment	3-7

Note 2 – Summary of Significant Accounting Policies *(continued)*

Fixed Assets (continued)

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.

Agency Endowment Funds

Agency endowment arises when a transfer is received from a not-for-profit organization that specifies itself as the beneficiary. ASC 958-605-50, *"Contributions Received,"* requires that such transfers received by a community foundation be accounted for as a liability as the transaction is deemed to be reciprocal. Agency endowment funds held by the Foundation as of December 31, 2025 and 2024 were $51,589 and $44,668, respectively.

Fiscal Agency Funds

The Foundation acts as a fiscal agent for other organizations on Nantucket. The organizations place funds with the Foundation and direct the Foundation to disburse funds from time to time on the organizations' behalf. Fiscal agency funds reported in the statement of financial position of $527,291 and $239,181 represent undisbursed funds held by the Foundation at December 31, 2025 and 2024, respectively.

Revenue Recognition

A portion of the Foundation's revenue is derived from state contracts and grants which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Foundation has incurred expenditures in compliance with specific contact or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. There were no refundable advances as of December 31, 2025 and 2024.

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 for uncollectible 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 assets are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire fixed assets are reported as restricted contributions. The Foundation reports expiration of donor restrictions when the donated or acquired assets are placed in service. There was $4,800 and $4,333 received in donated goods during the years ended December 31, 2025 and 2024, respectively.

Note 2 – Summary of Significant Accounting Policies *(continued)*

In-Kind Contributions(continued)

Volunteers contribute significant amounts of time to our program services, administration and fundraising and development 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.

Functional Allocation of Expenses

The costs of providing the Foundation's various programs and supporting services have been summarized on a functional basis in the statements of functional expenses. The statements of functional expenses are required to present the natural classification detail of expenses by function, allocated on a reasonable basis that is consistently applied. Expenses that can be identified with a specific program and support services are allocated directly. Based on management's estimates, certain costs have been allocated among major classes of program services and supporting activities on a basis that is most appropriate for the cost allocated and that provides for a fair and equitable distribution. Salaries and related expenses, occupancy costs, and depreciation are allocated based on estimates of time and effort developed by management. All other building related expenses are allocated based on square footage. Other unallocable costs, general and administrative costs, and fundraising costs that are that are not identified with one or more programs are reported as management and general or fundraising as appropriate.

Advertising

The Foundation uses print advertising and other media to promote its programs and events. Advertising costs are expensed as incurred and included in marketing and promotion expense in the statements of functional expenses.

Grants Expense

The Foundation recognizes grants expense at the time the Board of Trustees approves awards and all significant conditions are met.

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.

Note 2 – Summary of Significant Accounting Policies *(continued)*

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 except for tax on unrelated business income. Management has determined that substantially all of the Foundation's income, expenditures, and activities relate to its exempt purpose, therefore, the Foundation is not subject to unrelated business income taxes. Accordingly, no provision for income taxes has been provided for in the accompanying financial statements.

The Foundation is required to evaluate and disclose tax positions that could have an effect on the Foundation's financial statements. There are no uncertain tax positions considered to be material. 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 2022.

Note 3 – Liquidity and Availability

Financial assets available within one year for general operating expenses, including grants, are as follows as of December 31st:

	2025	2024
Cash and cash equivalents	$ 6,485,710	$ 4,469,201
Non-endowed investments	11,001,883	9,180,729
Accounts receivable	51	912
Pledges receivable – current	54,291	129,533
Total financial assets available	$17,541,935	$13,780,375

As part of the Foundation's liquidity management policy, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Foundation has various sources of liquidity at its disposal. Monthly expenses are budgeted to be $95,500 which results in approximately one year of cash on hand for operations.

In addition to these funds available for general expenditure, the Foundation's Board of Trustees has chosen to charge an administrative fee to include all funds based on the funds average assets to cover general expenditures. The administrative fee rate is .25%-1.5% depending on the fund size and structure. The fees are calculated and assessed monthly.

Note 3 – Liquidity and Availability (continued)

In addition, the Foundation had $8,307,421 and $8,211,045 in board designated funds functioning as endowment as of December 31, 2025 and 2024, respectively. Although the Board currently has no intention of doing so, these funds can be made available for general expenditure with Board approval.

Note 4 – Fair Value of Financial Instruments

The Foundation maintains its investments in pooled investment portfolios with Greater Horizons, a subsidiary of the Greater Kansas City Community Foundation. Amounts held in these pooled funds are valued at net asset value which approximates fair value. The net asset value of these pooled investments totaled $24,038,889 and $22,201,336 as of December 31, 2025 and 2024, respectively.

The assets related to agency endowment and fiscal agency funds are held in the pooled investment accounts at Greater Horizons. The liability balances are adjusted for the funds' pro-rata share of investment earnings and expenses accordingly. The net asset value of the agency endowment funds as of December 31, 2025 and 2024 was $51,589 and $44,668, respectively. The net asset value of the fiscal agency funds as of December 31, 2025 and 2024 was $527,291 and $239,181, respectively.

Note 5 – Pledges Receivable

As of December 31, 2025 and 2024, contributions receivable were discounted to present value at an effective annual interest rate of 7%, and were due for collections as follows:

	2025	2024
Receivable in less than one year	$ 54,291	$ 159,533
Receivable in one to five years	2,000	66,790
Total pledges receivable	56,291	226,323
Less: discount	384	13,626
Total pledges receivable - net	$ 55,907	$ 212,697

Note 6 – Fixed Assets

Fixed assets is composed of the following as of December 31st:

	2025	2024
Building	$ 798,988	$ 798,988
Improvements	143,573	143,573
Furniture and equipment	15,341	15,341
Computer equipment and software	28,346	28,346
Total fixed assets	986,248	986,248
Less: accumulated depreciation	251,783	215,086
Fixed assets - net	$ 724,465	$ 771,162

Depreciation expense was $36,697 and $36,999, respectively, for the years ended December 31, 2025 and 2024.

Note7 – Endowment Investment in Closely Held Stock

On March 22, 2022, the Foundation received a 100% equity interest in Inquirer and Mirror Holdings, LLC (the LLC) (a disregarded entity for income tax purposes) as a gift. At the time of the initial contribution of the LLC interest, the LLC owned a 99.9% equity interest in Nantucket Media Group Co. (a C-Corporation for income tax purposes) (Inky Co) subject to $6,016,512 of certain non-recourse debt obligations to an investor group. The debt was forgiven in full by the investor group on April 11, 2022 as a charitable contribution to the Foundation. As of December 31, 2025 and 2024, the only remaining asset of the LLC is the 99.9% equity interest in Inky Co. which is a non-voting interest with no voice in the operations or business decisions of Inky Co. The original value of the LLC was $6,016,512 (based on the debt forgiveness contribution). This value was adjusted to $1,217,352 and $1,770,143 as of December 31, 2025 and 2024, respectively, to reflect the Foundation's conservative valuation policy for Level 3 closely held investments, applying a 40% discount for lack of control and an additional 30% discount for lack of marketability to the $2,898,456 and $4,214,627 book value approach as of December 31, 2025 and 2024, respectively. This resulted in an investment loss and gain, respectively, of $552,791 and $12,175 for the years ended December 31, 2025 and 2024, respectively, being included in investment return in the statements of activities.

Note 8 – Net Assets

Net assets consisted of the following at December 31st:

	2025		
	Without donor restrictions	With donor restrictions	Total
Operating funds	$ 5,850,186	$ -	$ 5,850,186
Non-endowed funds	11,001,883	-	11,001,883
Invested in fixed assets	734,465	-	734,465
Pledges receivable	-	55,907	55,907
Endowment funds	15,635,777	-	15,635,777
	$ 33,222,311	$ 55,907	$ 33,278,218

	2024		
	Without donor restrictions	With donor restrictions	Total
Operating funds	$ 4,149,339	$ -	$ 4,149,339
Non-endowed funds	9,180,729	-	9,180,729
Invested in fixed assets	771,162	-	771,162
Pledges receivable	-	197,220	197,220
Endowment funds	14,932,715	-	14,932,715
	$ 29,033,945	$197,220	$ 29,231,165

Note 9 – Net Assets (continued)

The endowment component of net assets without donor restrictions is comprised of amounts designated by the Board to function as endowment, which amounted to $8,307,421 and $8,211,045 as of December 31, 2025 and 2024, respectively, and other donor created endowments that are subject to both the Foundation's variance power and spending policy.

In addition, there were net assets with donor restrictions consisting of contributions whose restrictions can be satisfied through purpose spending or time and that resulted from earnings on perpetual endowment funds under the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted by the Commonwealth of Massachusetts as follows:

	2025	2024
Other funds restricted for purpose	-	-
Other funds restricted for time	55,907	197,220
Total	$55,907	$197,220

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 31st:

	2025	2024
Expiration of time restrictions	$141,313	$677,164
Release of perpetual restrictions by donor	-	60,816
Total net assets released from restrictions	$141,313	$737,980

Net assets with donor restrictions consisted of pledges receivable restricted as to time until collected in the amount of $55,907 and $197,220 as of December 31, 2025 and 2024, respectively.

Note 10 – Endowment Funds

The Foundation's endowment consists of approximately 6 individual funds established for a variety of purposes and includes both donor-restricted endowment funds and funds established by the Board of Trustees to function as endowments. Under UPMIFA, the Board of Trustees has discretion to determine appropriate expenditure of a donor-restricted endowment fund 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.

The Foundation's Board of Trustees' interpretation of UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date has resulted in the classification of net assets with donor restrictions that are perpetual in nature as (a) the original value of gifts donated to the perpetual endowment, (b) the original value of the subsequent gifts donated to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in perpetual endowment is classified with other net assets with donor restrictions until appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) General economic conditions
(2) The possible effect of inflation and deflation
(3) The expected tax consequences, if any, of investment decisions
(4) The effect of each investment or course of action on the overall investment portfolio
(5) The expected total return from income and appreciation of investments
(6) Other resources of the organization
(7) The needs of the Foundation and the fund to make distributions and to preserve capital
(8) An asset's special relationship or value, if any, to the Foundation's charitable purpose
(9) The duration and preservation of the fund
(10) The investment policy of the Foundation

At times, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain in a fund of perpetual duration. These deficiencies can result from unfavorable market fluctuations that occur in newer endowment funds, shortly after the investment of new permanently restricted contributions, or when there was continued appropriation for certain programs that were deemed prudent by the Board of Trustees. As of December 31, 2025 and 2024, there were no underwater endowments.

Note 10 – Endowment Funds (continued)

As of December 31, 2025 and 2024, there were no perpetual endowment funds.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include the assets of donor-restricted funds that the Foundation must hold in perpetuity for a donor-specified period(s) as well as board-designated funds.

Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield return equal to the return obtainable by investing in one-year U.S. Treasury Bills over three years. 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's spending policy is determined each year and allows for appropriating from 3 to 5 percent of its endowments fair market value using a thirty-six month rolling average. 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, and most fund agreements, 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.

Endowment net asset composition by fund type as of December 31st:

2025	Without Donor Restrictions	With Donor Restrictions	Total
Donor created funds	$ 7,328,356	$ -	$ 7,328,356
Board designated funds	8,307,421	-	8,307,421
	$15,635,777	$ -	$15,635,777

2024	Without Donor Restrictions	With Donor Restrictions	Total
Donor created funds	$ 6,709,495	$ -	$ 6,709,495
Board designated funds	8,223,220	-	8,223,220
	$14,932,715	$ -	$14,932,715

Note 10 – Endowment Funds (continued)

Changes in endowment net assets were for the years ended December 31st:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$14,940,040	$ -	$14,940,040
Investment return:			
Investment income	391,149	-	391,149
Appreciation/depreciation	694,245	-	694,245
Total investment return	1,085,394	-	1,085,394
Contributions	1,000	-	1,000
Appropriations for expenditure	(271,000)	-	(271,000)
Other changes	(119,657)	-	(119,657)
Endowment net assets, end of year	$15,635,777	$ -	$15,635,777

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$11,857,140	$ 73,646	$11,930,786
Investment return:			
Investment income	259,706	-	259,706
Appreciation/depreciation	920,919	-	920,919
Total investment return	1,180,625	-	1,180,625
Contributions	2,033,999	-	2,033,999
Appropriations for expenditure	(64,062)	(73,646)	(137,708)
Other changes	(74,987)	-	(74,987)
Endowment net assets, end of year	$14,932,715	$ -	$14,932,715

Note 11 – Retirement Plan

Effective July 1, 2022, the Foundation adopted the Massachusetts Defined Contribution 401k CORE Plan which is funded by employee deferrals. The Foundation offers a 3% discretionary matching contribution to all full-time employees. During the years ended December 31, 2025 and 2024, $13,696 and $11,355 was contributed to the plan, respectively.

Note 12 - 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 Commission (FDIC) insurance and by state level insurance for balances exceeding FDIC limits. To minimize risk management routinely assesses the financial strength of the institutions.

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

Note 13 – Reclassifications

During 2025, certain amounts from prior year financial statements were reclassified to conform to current year presentation. Amounts recorded for operating and non-endowed funds were allocated accordingly for cash balances held in endowment.

Note 14 – Subsequent Events

ASC 855-10, "Subsequent Events," defines further disclosure requirements for events that occur after the statements of financial position date but before financial statements are issued. In accordance with ASC 855-10, the Foundation's management has evaluated events subsequent to December 31, 2025 through May 8, 2026 which is the date the financial statements were available to be issued. There were no material events noted during this period that would impact the results reflected in this report or the Foundation's results going forward.