

**Community Foundation for  
Nantucket, Inc.**

Financial Statements  
&  
Independent Auditor's Report

December 31, 2023 and 2022

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

**Mission Statement**

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

*In pursuit of this mission, we act as a:*

*Steward – by creating and managing funds to ensure a legacy for charitable solutions.*

*Grant Maker – by awarding grants through the Nantucket Fund™ and donor-directed funds that respond to pressing needs.*

*Charitable Resource – by maintaining in-depth knowledge of the nonprofit sector, and by providing resources for donors, nonprofits, and the community.*

*Catalyst – by mobilizing community leadership to affect collaborative solutions for Nantucket's most critical issues.*

**Our Vision**

*We see a Nantucket where everyone – equally and inclusively –*

- *Has a place to call home,*
- *Has support when coping with personal struggles,*
- *Knows their children are safe and active during the work day,*
- *Can rely on year-round affordable public transportation,*
- *And may age gracefully with trust in the services they need and deserve.*

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

TABLE OF CONTENTS

	<u>Page #</u>
Independent Auditor's Report	1-3
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	6
Statements of Cash Flows	7
Notes to Financial Statements	8-24
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	25-26
Independent Auditor's Report on Compliance for each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	27-29
Schedule of Findings and Questioned Costs	30
Schedule of Expenditures of Federal Awards	31-32

## Independent Auditor's Report

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

### Report on the Audit of the Financial Statements

#### *Opinion*

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Foundation for Nantucket, Inc. as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Community Foundation for 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 opinions.

#### *Responsibilities of Management 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, 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.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Community Foundation for 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative requirements, Cost Principles, and Audit requirements for Federal Awards, is 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2024, on our consideration of Community Foundation for Nantucket, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Community Foundation for Nantucket, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Foundation for Nantucket, Inc.'s internal control over financial reporting and compliance.

*Anstiss & Co., P.C.*

Anstiss & Co., P.C.  
Chelmsford, MA  
May 29, 2024

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

	2023	2022
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 3,288,674	\$ 4,114,951
Non-endowed investments	10,642,218	8,129,444
Accounts receivable	57,624	122,363
Pledges receivable - current	352,650	328,000
Prepaid expenses	18,047	15,040
Total current assets	14,359,213	12,709,798
Non-Current assets		
Fixed assets - net	808,161	845,161
Cash held for endowment	113,231	85,803
Pledges receivable - net of discount	74,055	238,399
Endowment pledges receivable - net of discount	154,844	291,720
Endowment investment in closely held stock	1,757,968	2,037,640
Endowment investments	9,904,743	8,334,842
Total non-current assets	12,813,002	11,833,565
Total assets	\$ 27,172,215	\$ 24,543,363
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 18,783	\$ 5,228
Grants payable	17,566	125,250
Current portion of long-term debt	-	32,624
Total current liabilities	36,349	163,102
Long-term liabilities		
Agency endowment funds	40,468	35,394
Fiscal agency funds	217,983	191,803
Long-term debt, net of current portion	-	13,884
Total long-term liabilities	258,451	241,081
Total liabilities	294,800	404,183
Net assets		
Without donor restrictions		
Other undesignated net assets	13,556,919	11,977,615
Designated for endowment	11,857,140	10,398,456
Invested in property and equipment	808,161	845,161
Total without donor restrictions	26,222,220	23,221,232
With donor restrictions		
Held in perpetuity	60,816	55,739
Net assets restricted as to time	594,379	862,209
Total with donor restriction	655,195	917,948
Total net assets	26,877,415	24,139,180
Total liabilities and net assets	\$ 27,172,215	\$ 24,543,363

See the accompanying notes to these financial statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total 2023	Without Donor Restrictions	With Donor Restrictions	Total 2022
<b>Support and revenue</b>						
Contributions and grants	\$ 4,779,912	\$ 40,077	\$ 4,819,989	\$ 5,064,105	\$ 280,103	\$ 5,344,208
Government grants	-	1,230,960	1,230,960	-	921,700	921,700
In-kind closely held stock	-	-	-	6,016,512	-	6,016,512
In-kind goods	4,070	-	4,070	-	-	-
Project support	60,869	-	60,869	19,073	-	19,073
Investment return	2,656,638	9,757	2,666,395	(6,224,625)	(9,868)	(6,234,493)
Other revenue	41,648	-	41,648	78,213	-	78,213
Net assets released from restrictions	1,543,547	(1,543,547)	-	1,384,623	(1,384,623)	-
<b>Total support and revenue</b>	<b>9,086,684</b>	<b>(262,753)</b>	<b>8,823,931</b>	<b>6,337,901</b>	<b>(192,688)</b>	<b>6,145,213</b>
<b>Expenses</b>						
Program services	5,531,348	-	5,531,348	4,343,896	-	4,343,896
General and administrative	321,306	-	321,306	263,185	-	263,185
Fundraising	233,043	-	233,043	123,739	-	123,739
<b>Total expenses</b>	<b>6,085,697</b>	<b>-</b>	<b>6,085,697</b>	<b>4,730,820</b>	<b>-</b>	<b>4,730,820</b>
<b>Change in net assets</b>	<b>3,000,987</b>	<b>(262,753)</b>	<b>2,738,234</b>	<b>1,607,081</b>	<b>(192,688)</b>	<b>1,414,393</b>
Net assets at beginning of year	23,221,232	917,948	24,139,180	21,614,151	1,110,636	22,724,787
<b>Net assets at end of year</b>	<b>\$ 26,222,219</b>	<b>\$ 655,195</b>	<b>\$ 26,877,414</b>	<b>\$ 23,221,232</b>	<b>\$ 917,948</b>	<b>\$ 24,139,180</b>

See the accompanying notes to these financial statements.

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

	2023			Total
	Program Expenses	General & Administrative	Fundraising	
Grants and scholarships	\$ 4,711,115	\$ -	\$ -	\$ 4,711,115
Program expenses	490,305	-	-	490,305
Salaries and related	176,550	128,200	175,642	480,392
Legal and accounting	-	73,388	-	73,388
Professional fees other	81,260	24,342	-	105,602
Occupancy	11,498	7,978	10,939	30,415
Insurance	3,041	1,521	1,521	6,083
Marketing and promotion	29,830	13,205	31,534	74,569
Office supplies and expenses	-	45,409	-	45,409
Website	-	11,487	-	11,487
Depreciation	27,749	4,625	4,625	36,999
Dues and subscriptions	-	9,343	-	9,343
Meetings and conferences	-	1,808	8,782	10,590
Total expenses by function	<u>\$ 5,531,348</u>	<u>\$ 321,306</u>	<u>\$ 233,043</u>	<u>\$ 6,085,697</u>

	2022			Total
	Program Expenses	General & Administrative	Fundraising	
Grants and scholarships	\$ 3,219,966	\$ -	\$ -	\$ 3,219,966
Program expenses	732,196	-	-	732,196
Salaries and related	293,264	108,314	64,236	465,814
Legal and accounting	5,050	15,486	-	20,536
Professional fees other	44,176	41,186	22,088	107,450
Occupancy	18,876	10,064	3,146	32,086
Insurance	2,836	1,417	1,417	5,670
Marketing and promotion	-	39,649	27,186	66,835
Office supplies and expenses	-	25,868	-	25,868
Website	-	7,612	-	7,612
Depreciation	27,523	4,587	4,587	36,697
Dues and subscriptions	9	7,928	5	7,942
Meetings and conferences	-	1,074	1,074	2,148
Total Expenses by function	<u>\$ 4,343,896</u>	<u>\$ 263,185</u>	<u>\$ 123,739</u>	<u>\$ 4,730,820</u>

See the accompanying notes to these financial statements.

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

	2023	2022
Cash flows from operating activities		
Change in net assets	\$ 2,738,234	1,414,393
Adjustments to reconcile changes in net assets to net cash from operating activities		
Depreciation and amortization	36,999	36,697
Addition to (amortization of) discount on promises to give	(37,780)	37,912
Realized/unrealized (gain) loss on non-endowed investments	(1,210,404)	1,128,645
Contributions restricted to endowment	(445,678)	(7,096,255)
Change in value of agency endowment liability	4,612	(6,254)
Endowment investment return	(1,194,762)	5,407,348
Changes in assets and liabilities		
Decrease (increase) in accounts receivable	64,739	(122,363)
Decrease in pledges receivable	164,350	23,240
(Increase) in prepaid expenses	(3,007)	(10,891)
Increase (decrease) in accounts payable and accrued expenses	13,556	(9,778)
(Decrease) increase in grants payable	(107,684)	113,250
Increase (decrease) in fiscal agency liability	26,180	(32,369)
Net cash provided by operating activities	49,355	883,575
Cash flows from investing activities		
Purchases of non-endowed investments	(2,585,413)	(2,886,476)
Proceeds from the sale of non-endowed investments	1,283,044	1,200,894
Purchase of fixed assets	-	(3,058)
Withdrawals from agency endowment funds - net	(538)	-
Additions to (withdrawals from) endowment - net	350,211	(480,373)
Net cash used by investing activities	(952,696)	(2,169,013)
Cash flows from financing activities		
Collection of contributions restricted to endowment	150,000	125,000
Payments on long-term debt	(46,508)	(128,124)
Net cash provided by (used for) financing activities	103,492	(3,124)
Net decrease in cash and cash equivalents	(799,849)	(1,288,562)
Cash and cash equivalents at December 31, 2022 and 2021	4,201,754	5,489,316
Cash and cash equivalents at December 31, 2023 and 2022	3,401,905	4,200,754
Cash held for endowment	113,231	85,803
Operating cash	\$ 3,288,674	\$ 4,114,951
 Supplemental cash flow information		
Interest Paid	\$ 292	\$ 5,918
In-kind donations	\$ 4,070	\$ 6,016,512

See the accompanying notes to these financial statements.

**Community Foundation for Nantucket, Inc.**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

**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 \$2,410,055 and \$1,491,647 for charitable purposes during 2023 and 2022, respectively.

Designated Funds

The Foundation administers Designated funds that benefit a specific charitable organizations. Designated Funds distributed \$346,201 and \$426,631 to their respective areas of focus during 2023 and 2022, 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 2023 and 2022.

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 \$112,016 and \$71,255 to their respective projects during 2023 and 2022, respectively.

**Community Foundation for Nantucket, Inc.**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

**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 \$475,969 and \$165,230 during 2023 and 2022, 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 2023 and 2022, \$59,500 and \$75,500 was awarded to 40 and 35 Nantucket students, respectively

Operating Fund

The Foundation operates with a full-time Executive Director and four 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. Nantucket Fund™ funds fall into four sub-categories:

**Community Foundation for Nantucket, Inc.**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

**NOTE 1 – ORGANIZATION (continued)**

Nantucket Fund – Grantmaking: The grantmaking fund distributed \$358,938 and \$282,550 to charitable organization on Nantucket during 2023 and 2022, respectively.

Nantucket Fund for Emergency Relief – Grantmaking: In March 2020, the Foundation created this COVID-19 Response Fund. The grantmaking fund distributed \$262,709 and \$282,597 to charitable organization on Nantucket during 2023 and 2022, respectively.

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, 2023 and 2022, there were net assets designated for endowment of \$11,857,140 and \$10,398,456, respectively.

**Community Foundation for Nantucket, Inc.**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

**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.

**Community Foundation for Nantucket, Inc.**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Fair Value Measurements (continued)***

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.

The carrying amounts for cash and cash equivalents, pledges receivable - current, prepaid expenses, accounts payable and accrued expenses, grants payable, and current portion of long-term debt 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 uncollectible 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, 2023 and 2022.

As of December 31, 2023 and 2022, amounts due from one donor accounted for 26% and 22% of total pledges receivable, respectively.

**Community Foundation for Nantucket, Inc.**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***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:

	<u>Years</u>
Buildings and improvements	10-39
Furniture and equipment	3-10
Vehicles	3-5
Furniture and equipment	3-7

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, 2023 and 2022 were \$40,468 and \$35,394, 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 \$217,983 and \$191,803 represent undisbursed funds held by the Foundation at December 31, 2023 and 2022, respectively.

**Community Foundation for Nantucket, Inc.**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***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 contract 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, 2023 and 2022.

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 \$4,070 and \$6,016,512 received in donated goods and closely held stock for the years ended December 31, 2023 and 2022, respectively.

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.

**Community Foundation for Nantucket, Inc.**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Functional Allocation of Expenses (continued)***

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.

***Grants Expense***

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

***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.

***Use of Estimates***

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

***Income Taxes and Uncertain Tax Positions***

The Foundation, incorporated under Chapter 180 of the Massachusetts General Laws as a tax-exempt entity, has been granted tax-exempt status under Internal Revenue Code (IRC) Section 501(c)(3) and is classified as other than a private foundation as defined by section 509(a) of the IRC. Therefore, it is generally exempt from federal and state income taxes 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.

**Community Foundation for Nantucket, Inc.**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Income Taxes and Uncertain Tax Positions (continued)***

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 2020.

**NOTE 3 – LIQUIDITY AND AVAILABILITY**

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

	2023	2022
Cash and cash equivalents	\$ 3,288,674	\$ 4,114,951
Non-endowed investments	10,642,218	8,129,444
Accounts receivable	57,624	122,363
Pledges receivable – current	352,650	328,000
Total financial assets available	<u>\$14,341,166</u>	<u>\$12,694,758</u>

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 \$47,300 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.

In addition, the Foundation had \$5,735,022 and \$5,205,376 in board designated funds functioning as endowment as of December 31, 2023 and 2022, respectively. Although the Board currently has no intention of doing so, these funds can be made available for general expenditure with Board approval.

**Community Foundation for Nantucket, Inc.**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

**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 \$20,547,062 and \$16,464,286 as of December 31, 2023 and 2022, 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, 2023 and 2022 was \$40,468 and \$35,394, respectively. The net asset value of the fiscal agency funds as of December 31, 2023 and 2022 was \$217,983 and \$191,803, respectively.

**NOTE 5 – PLEDGES RECEIVABLE**

As of December 31, 2023 and 2022, contributions receivable were discounted to present value at an effective annual interest rate of 7%, and were due for collections as follows:

	2023	2022
Receivable in less than one year	\$ 352,650	\$ 328,000
Receivable in one to five years	258,001	597,001
Total pledges receivable	610,651	925,001
Less: discount	29,102	66,882
Total pledges receivable - net	<u>\$ 581,549</u>	<u>\$ 858,119</u>

**NOTE 6 – FIXED ASSETS**

Fixed assets is composed of the following as of December 31<sup>st</sup>:

	2023	2022
Building	\$ 798,988	\$ 798,988
Improvements	143,573	143,573
Furniture and equipment	15,341	15,341
Computer equipment and software	28,346	25,288
Total fixed assets	986,248	983,190
Less: accumulated depreciation	178,087	104,390
Fixed assets - net	<u>\$ 808,161</u>	<u>\$ 878,800</u>

Depreciation expense was \$36,999 and \$36,697 for the years ended December 31, 2023 and 2022, respectively.

**Community Foundation for Nantucket, Inc.**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

**NOTE 7 – 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, 2023 and 2022, 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 down to \$1,757,968 and \$2,037,640 as of December 31, 2023 and 2022, 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 \$4,185,637 and \$4,851,524 book value approach as of December 31, 2023 and 2022, respectively. This resulted in an investment loss of \$279,672 and \$3,978,872 for the years ended December 31, 2023 and 2022, respectively, being included in investment return in the statement of activities.

**NOTE 8 – DEBT**

On January 10, 2019, the Foundation entered into a \$607,000 mortgage to purchase a condominium for their administrative office. The mortgage bore interest at a rate of 4.5% through January 10, 2029, at which time the rate would become variable through the date of maturity. The loan was due in monthly principal and interest payment of \$3,099 through January 10, 2029, subject to change based on the variable interest rate thereafter. On May 27, 2020, the Foundation modified the loan agreement to a fixed rate of 3.75% beginning May 27, 2020 through the date of maturity on January 10, 2029. The mortgage then required monthly principal and interest payment of \$2,837. During the years ended December 31, 2023 and 2022, the Foundation made additional principal payments of \$46,508 and \$100,000, respectively. The mortgage was paid off in full during the year ended December 31, 2023.

**Community Foundation for Nantucket, Inc.**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

**NOTE 9 - NET ASSETS**

Net assets consisted of the following at December 31<sup>st</sup>:

	2023		
	Without donor restrictions	With donor restrictions	Total
Operating funds	\$ 1,620,236	\$ -	\$ 1,620,236
Non-endowed funds	11,936,683	-	11,936,683
Invested in fixed assets	808,161	-	808,161
Pledges receivable	-	581,549	581,549
Endowment funds	11,857,140	73,646	11,930,786
	<u>\$ 26,222,220</u>	<u>\$655,195</u>	<u>\$ 26,877,415</u>
	2022		
	Without donor restrictions	With donor restrictions	Total
Operating funds	\$ 1,498,180	\$ -	\$ 1,498,180
Non-endowed funds	10,479,435	-	10,479,435
Invested in fixed assets	845,161	-	845,161
Pledges receivable	-	858,119	858,119
Endowment funds	10,398,456	59,829	10,458,285
	<u>\$ 23,221,232</u>	<u>\$917,948</u>	<u>\$ 24,139,180</u>

The endowment component of net assets without donor restrictions is comprised of amounts designated by the Board to function as endowment, which amounted to \$5,735,021 and \$5,205,376 as of December 31, 2023 and 2022, respectively, and other donor created endowments that are subject to both the Foundation's variance power and spending policy.

As of December 31, 2023 and 2022, net assets with donor restrictions included net assets of \$60,816 and \$55,739 consisting of one individual endowment fund, respectively, which must be held by the Foundation in perpetuity. Earnings on the perpetual endowment fund consist of amounts restricted for time until appropriated to meet the charitable needs of the community.

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:

**Community Foundation for Nantucket, Inc.**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

**NOTE 9 - NET ASSETS (continued)**

	2023	2022
Cumulative earnings - perpetual endowment funds		
Without purpose restrictions	\$ 12,830	\$ 4,090
With purpose restrictions	-	-
Total earnings on perpetual endowment	12,830	4,090
Other funds restricted for purpose	-	-
Other funds restricted for time	581,549	858,119
Total	\$594,379	\$862,209

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31<sup>st</sup>:

	2023	2022
Expiration of time restrictions	\$1,543,547	\$1,384,623

Net assets with donor restrictions consisted of pledges receivable restricted as to time until collected in the amount of \$581,549 and \$858,119 as of December 31, 2023 and 2022, respectively.

**NOTE 10 – ENDOWMENT FUNDS**

The Foundation's endowment consists of approximately 7 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

**Community Foundation for Nantucket, Inc.**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

**NOTE 10 – ENDOWMENT FUNDS (continued)**

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, 2023 and 2022, there were no underwater endowments.

As of December 31, 2023 and 2022, perpetual endowment funds with original gift values of \$60,816 and \$55,739, and fair values of \$73,646 and \$59,829, respectively, were reported in net assets with donor restrictions.

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.

**Community Foundation for Nantucket, Inc.**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

**NOTE 10 – ENDOWMENT FUNDS (continued)**

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 31<sup>st</sup>:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor created funds	\$ 6,122,119	\$ 73,646	\$ 6,195,765
Board designated funds	5,735,021	-	5,735,021
	<u>\$11,857,140</u>	<u>\$ 73,646</u>	<u>\$11,930,786</u>
	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor created funds	\$ 5,193,080	\$ 59,829	\$ 5,252,909
Board designated funds	5,205,376	-	5,205,376
	<u>\$10,398,456</u>	<u>\$ 59,829</u>	<u>\$10,458,285</u>

**Community Foundation for Nantucket, Inc.**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

**NOTE 10 – ENDOWMENT FUNDS (continued)**

Changes in endowment net assets were for the years ended December 31<sup>st</sup>:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 10,398,456	\$ 59,829	\$ 10,458,285
Investment return:			
Investment income	200,768	1,563	202,331
Appreciation/depreciation	1,186,568	8,194	1,194,762
Total investment return	<u>1,387,336</u>	<u>9,757</u>	<u>1,397,093</u>
Contributions	440,601	5,077	445,678
Appropriations for expenditure	(20,835)	-	(20,835)
Other changes	<u>(348,418)</u>	<u>(1,017)</u>	<u>(349,435)</u>
Endowment net assets, end of year	<u>\$11,857,140</u>	<u>\$ 73,646</u>	<u>\$11,930,786</u>
	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 8,628,740	\$ 66,365	\$ 8,695,105
Investment return:			
Investment income	160,997	1,160	162,157
Appreciation/depreciation	<u>(5,396,320)</u>	<u>(11,028)</u>	<u>(5,407,348)</u>
Total investment return	<u>(5,235,323)</u>	<u>(9,868)</u>	<u>(5,245,191)</u>
Contributions	7,091,152	5,103	7,096,255
Appropriations for expenditure	(13,273)	(831)	(14,104)
Other changes	<u>(72,840)</u>	<u>(940)</u>	<u>(73,780)</u>
Endowment net assets, end of year	<u>\$10,398,456</u>	<u>\$ 59,829</u>	<u>\$10,458,285</u>

**Community Foundation for Nantucket, Inc.**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

**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, 2023 and 2022, \$11,882 and \$5,256 was contributed to the plan, respectively.

**NOTE 12 – MANAGEMENT CONSULTING AGREEMENT**

The Foundation was party to a contractual agreement with Greater Horizons to provide various management services. The agreement was reviewed annually on or before January 1. If necessary, any mutually agreed upon changes to services and fees will result in an amendment to the contract. Either party had the right to terminate this agreement, with or without cause, upon 60 days advance written notice to the other party. Fees paid to Greater Horizons for these services were reported in professional fees other in the statement of activities.

During 2022, Greater Horizons discontinued supporting other community foundations with fiscal agency services and the agreement with the Foundation ended effective December 31, 2022.

**NOTE 13 - 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, 2023 through May 29, 2024 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.

**Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Community Foundation for Nantucket, Inc. (a non-profit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 29, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Community Foundation for Nantucket, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Foundation for Nantucket, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Community Foundation for Nantucket, Inc.'s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Community Foundation for Nantucket, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Anstiss & Co., P.C.*

Anstiss & Co., P.C.  
Chelmsford, MA  
May 29, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE  
UNIFORM GUIDANCE

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

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

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

***Basis for Opinion on Each Major Federal Program***

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

We are required to be independent of Community Foundation for Nantucket, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Community Foundation for Nantucket, Inc.'s compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Community Foundation for Nantucket, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Community Foundation for Nantucket, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Community Foundation for Nantucket, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control over Compliance**

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

requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

*Anstiss & Co., P.C.*

Anstiss & Co., P.C.  
Chelmsford, MA  
May 29, 2024



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

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-through Entity Identifying Number	Passed through to Subrecipients	Total Federal Expenditures
U.S. Department of Housing and Urban Development Passed through - Commonwealth of Massachusetts Department of Housing and Community Development	14.228	DHCD2022-06	\$ 798,884	\$ 939,154
* Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			798,884	939,154
Total community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			798,884	939,154
Total Department of Housing and Urban Development			\$ 798,884	\$ 939,154
<b>Total Expenditures of Federal Awards</b>				<b>\$ 939,154</b>

See accompanying notes to schedule of expenditures of federal awards.

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

**Notes to Schedule of Expenditures of Federal Awards**

**1. Basis of Presentation:**

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

**2. Significant Accounting Policies:**

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

**3. Indirect Cost Rate:**

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

\*denotes Major Program