

**Community Foundation for
Nantucket, Inc.**

Financial Statements
&
Independent Auditor's Report
December 31, 2021 and 2020

Community Foundation for Nantucket, Inc.
Financial Statements
December 31, 2021 and 2020

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, 2021 and 2020

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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 statement of financial position as of December 31, 2021, 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, 2021, 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 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.....

Other Reporting Required by Government Auditing Standards

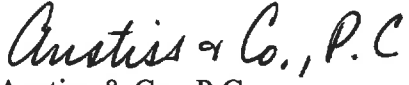
In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2022, on our consideration of Community Foundation for Nantucket, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

Other Matters

Prior Period Financial Statements

The financial statements of Community Foundation for Nantucket, Inc. as of and for the year ended December 31, 2020 were audited by other auditors whose report dated May 27, 2021 expressed an unmodified opinion on those financial statements.


Anstiss & Co., P.C.
Chelmsford, MA
May 12, 2022

Community Foundation for Nantucket, Inc.
Statements of Financial Position
December 31, 2021 and 2020

	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	\$ 5,421,463	\$ 2,243,333
Non-endowed investments	7,572,507	6,801,181
Pledges receivable - current	361,235	324,540
Prepaid expenses	4,149	30,372
Total current assets	<u>13,359,354</u>	<u>9,399,426</u>
Non-Current assets		
Fixed assets - net	878,800	913,376
Cash held for endowment	67,853	187,551
Pledges receivable - net of discount	258,986	214,550
Endowment pledges receivable - net of discount	424,050	282,840
Endowment investments	8,203,202	5,905,326
Total non-current assets	<u>9,832,891</u>	<u>7,503,643</u>
Total assets	<u><u>\$ 23,192,245</u></u>	<u><u>\$ 16,903,069</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 15,006	\$ 34,000
Grants payable	12,000	9,275
Current portion of long-term debt	27,961	7,721
Total current liabilities	<u>54,967</u>	<u>50,996</u>
Long-term liabilities		
Agency endowment funds	41,648	37,697
Fiscal agency funds	224,172	222,156
Long-term debt, net of current portion	146,671	580,330
Total long-term liabilities	<u>412,491</u>	<u>840,183</u>
Total liabilities	<u>467,458</u>	<u>891,179</u>
Net assets		
Without donor restrictions		
Other undesignated net assets	12,106,611	7,900,868
Designated for endowment	8,628,740	6,319,874
Invested in property and equipment	878,800	913,376
Total without donor restrictions	<u>21,614,151</u>	<u>15,134,118</u>
With donor restrictions		
Held in perpetuity	50,636	45,533
Net assets restricted as to time	1,060,000	832,239
Total with donor restriction	<u>1,110,636</u>	<u>877,772</u>
Total net assets	<u>22,724,787</u>	<u>16,011,890</u>
Total liabilities and net assets	<u><u>\$ 23,192,245</u></u>	<u><u>\$ 16,903,069</u></u>

See the accompanying notes to these financial statements.

Community Foundation for Nantucket, Inc.
Consolidated Statements of Activities
For the Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total 2021	Without Donor Restrictions	With Donor Restrictions	Total 2020
Support and revenue						
Contributions and grants						
Government grants	\$ 6,971,634	\$ 555,103	\$ 7,526,737	\$ 5,402,046	\$ 783,246	\$ 6,185,292
In-kind securities	-	400,000	400,000	-	-	-
In-kind goods	1,142,810	-	1,142,810	971,760	-	971,760
Project support	3,600	-	3,600	-	-	-
Investment return	111,667	-	111,667	95,000	-	95,000
Other revenue	1,520,574	7,033	1,527,607	926,362	449,403	1,375,765
Net assets released from restrictions	(13,813)	-	(13,813)	2,510	-	2,510
	729,272	(729,272)	-	288,929	(288,929)	-
Total support and revenue	10,465,744	232,864	10,698,608	7,686,607	943,720	8,630,327
Expenses						
Program services	3,650,466	-	3,650,466	5,648,062	-	5,648,062
General and administrative	221,132	-	221,132	208,516	-	208,516
Fundraising	114,113	-	114,113	101,861	-	101,861
Total expenses	3,985,711	-	3,985,711	5,958,439	-	5,958,439
Change in net assets	6,480,033	232,864	6,712,897	1,728,168	943,720	2,671,888
Net assets at beginning of year	15,134,118	877,772	16,011,890	9,397,544	3,942,458	13,340,002
Reclassifications	-	-	-	4,008,406	(4,008,406)	-
Net assets at end of year	\$ 21,614,151	\$ 1,110,636	\$ 22,724,787	\$ 15,134,118	\$ 877,772	\$ 16,011,890

See the accompanying notes to these financial statements.

Community Foundation for Nantucket, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2021

	2021			
	Program Expenses	General & Administrative	Fundraising	Total
Grants	\$ 3,213,987	\$ -	\$ -	3,213,987
Program expenses	184,061	-	-	184,061
Salaries and related	171,011	78,100	73,447	322,558
Legal and accounting	4,775	20,050	-	24,825
Professional fees other	26,641	29,533	9,484	65,658
Occupancy	18,825	24,759	3,137	46,721
Insurance	3,398	1,699	1,699	6,796
Marketing and promotion	-	29,226	19,735	48,961
Office supplies and expenses	725	18,145	-	18,870
Website	-	7,525	-	7,525
Depreciation	26,721	4,453	4,453	35,627
Dues and subscriptions	322	5,644	161	6,127
Meetings and conferences	-	1,998	1,997	3,995
Total expenses by function	\$ 3,650,466	\$ 221,132	\$ 114,113	\$ 3,985,711

	2020			
	Program Expenses	General & Administrative	Fundraising	Total
Grants	\$ 5,224,940	\$ -	\$ -	\$ 5,224,940
Program expenses	180,837	-	-	180,837
Salaries and related	180,128	73,491	66,976	320,595
Legal and accounting	-	14,708	-	14,708
Professional fees other	13,217	22,629	6,615	42,461
Occupancy	17,342	27,433	2,890	47,665
Insurance	3,560	1,780	1,780	7,120
Marketing and promotion	-	25,006	18,705	43,711
Office supplies and expenses	1,477	24,049	232	25,758
Website	-	8,331	-	8,331
Depreciation	26,561	4,427	4,427	35,415
Dues and subscriptions	-	6,425	-	6,425
Meetings and conferences	-	237	236	473
Total Expenses by function	\$ 5,648,062	\$ 208,516	\$ 101,861	\$ 5,958,439

Community Foundation for Nantucket, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 6,712,897	2,671,888
Adjustments to reconcile changes in net assets to net cash from operating activities		
Depreciation and amortization	35,627	35,415
Addition to (amortization of) discount on promises to give	26,115	(38,178)
Realized/unrealized gain on operating investments	(571,609)	(645,261)
Contributions restricted to endowment	(1,697,913)	(1,359,373)
Change in value of agency endowment liability	(22,132)	(3,944)
Endowment net investment return	(714,656)	(558,092)
Changes in assets and liabilities		
(Increase) decrease in pledges receivable	(98,456)	364,107
Decrease (increase) in prepaid expenses	26,223	(24,531)
(Decrease) increase in accounts payable and accrued expenses	(18,994)	13,478
Increase (decrease) in grants payable	2,725	(54,002)
Increase in fiscal agency liability	2,016	6,791
Net cash provided by operating activities	<u>3,681,843</u>	<u>408,298</u>
Cash flows from investing activities		
Purchases of operating investments	(1,356,841)	(4,046,284)
Proceeds from the sale of operating investments	1,157,124	3,343,777
Purchase of fixed assets	(1,051)	(9,839)
Additions to agency endowment funds - net	26,083	8,135
(Withdrawals from) additions to endowment - net	(35,307)	480,111
Net cash used for by investing activities	<u>(209,992)</u>	<u>(224,100)</u>
Cash flows from financing activities		
Collection of contributions restricted to endowment	-	548,245
Payments on long-term debt	(413,419)	(10,809)
Net cash (used for) provided by financing activities	<u>(413,419)</u>	<u>537,436</u>
Net increase in cash and cash equivalents	3,058,432	721,634
Cash and cash equivalents at December 31, 2020 and 2019	<u>2,430,884</u>	<u>1,709,250</u>
Cash and cash equivalents at December 31, 2021 and 2020	5,489,316	2,430,884
Cash held for endowment	<u>67,853</u>	<u>187,551</u>
Operating cash	<u>\$ 5,421,463</u>	<u>\$ 2,243,333</u>
Supplemental cash flow information		
Interest Paid	\$ 20,622	\$ 24,542
In-kind donations	<u>\$ 1,146,410</u>	<u>\$ 971,760</u>

See the accompanying notes to these financial statements.

Community Foundation for Nantucket, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

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 \$1,907,019 and \$2,352,184 for charitable purposes during 2021 and 2020, respectively.

Designated Funds

The Foundation administers Designated funds that benefit a specific charitable organization(s). Designated Funds distributed \$7,367 and \$388,500 to their respective areas of focus during 2021 and 2020, 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: Like the Nantucket Fund, 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 2021 and 2020.

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. Found Partner Funds distributed \$148,194 and \$92,855 to their respective projects during 2021 and 2020, respectively.

Community Foundation for Nantucket, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

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 \$5,010 and \$27,228 during 2021 and 2020, 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 12 scholarship programs, all of which are designated for residents of Nantucket. During 2021 and 2020, \$80,500 and \$64,500 was awarded to 35 and 29 Nantucket students, respectively

Operating Fund

The Foundation operates with a full-time Executive Director and 2.5 full-time equivalent employees. Additional services related to the investment management, accounting, administration and information technology are provided under an agreement with Greater Horizons, a subsidiary of the Greater Kansas City Community Foundation. 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, 2021 and 2020

NOTE 1 – ORGANIZATION (continued)

Nantucket Fund – Grantmaking: The grantmaking fund distributed \$233,000 and \$185,000 to charitable organization on Nantucket during 2021 and 2020, respectively.

Nantucket Fund for Emergency Relief – Grantmaking: In March 2020, the Foundation created this COVID-19 Response Fund. The grantmaking fund distributed \$869,681 and \$2,098,143 to charitable organization on Nantucket during 2021 and 2020, 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 undesignate these net assets at its discretion if the originally intended time period or purpose is deemed to longer relevant or applicable to the needs of the Foundation.

Community Foundation for Nantucket, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

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, 2021 and 2020

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 the five year US Treasury Bond 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, 2021 and 2020.

As of December 31, 2021 and 2020, amounts due from one donor accounted for 14% and 24% of total pledges receivable, respectively.

Community Foundation for Nantucket, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fixed Assets

All property and equipment additions of \$1,000 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>
Computer equipment and software	3-7
Furniture and equipment	7
Building	39
Improvements	15

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, 2021 and 2020 were \$41,648 and \$37,697, 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 \$224,172 and \$222,156 represent undisbursed funds held by the Foundation at December 31, 2021 and 2020, respectively.

Community Foundation for Nantucket, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

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, 2021 and 2020.

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 \$1,146,410 and \$971,760 received in donated goods and securities for the year ended December 31, 2021 and 2020.

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, 2021 and 2020

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. All other building related expenses are allocated based on square footage. Other unallocable costs, general and administrative costs, and fundraising costs 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, 2021 and 2020

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 2018.

NOTE 3 – LIQUIDITY AND AVAILABILITY

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

	2021	2020
Cash and cash equivalents	\$ 5,421,463	\$ 2,243,333
Non-endowed investments	7,572,507	6,801,181
Pledges receivable – current	361,235	324,540
Total financial assets available	<u>\$13,355,205</u>	<u>\$9,369,054</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 monthly and assessed quarterly.

In addition, the Foundation had \$2,611,813 and \$1,410,214 in board designated funds functioning as endowment as of December 31, 2021 and 2020, 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, 2021 and 2020

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 \$15,775,709 and \$12,706,507 as of December 31, 2021 and 2020, 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, 2021 and 2020 was \$41,648 and \$37,697, respectively. The net asset value of the fiscal agency funds as of December 31, 2021 and 2020 was \$224,172 and \$222,156, respectively.

NOTE 5 – PLEDGES RECEIVABLE

As of December 31, 2021 and 2020, contributions receivable were discounted to present value at effective annual interest rates of 1.26% and .36%, respectively, and were due for collections as follows:

	2021	2020
Receivable in less than one year	\$ 361,235	\$ 324,540
Receivable in one to five years	712,006	503,245
Total pledges receivable	1,073,241	827,785
Less: discount	28,970	5,855
Total pledges receivable - net	<u>\$ 1,044,271</u>	<u>\$ 821,930</u>

NOTE 6 – FIXED ASSETS

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

	2021	2020
Building	\$ 798,988	\$ 798,988
Improvements	143,573	143,573
Furniture and equipment	15,341	15,341
Computer equipment and software	25,288	24,239
Total fixed assets	983,190	982,141
Less: accumulated depreciation	104,390	68,765
Fixed assets - net	<u>\$ 878,800</u>	<u>\$ 913,376</u>

Depreciation expense was \$35,627 and \$35,415 for the years ended December 31, 2021 and 2020, respectively.

NOTE 7 – DEBT

On January 10, 2019, the Foundation entered into a \$607,000 mortgage to purchase a condominium for their administrative office. Initially, the bore interest at a rate of 4.5% through January 10, 2029, at which time the rate would become variable through the date

Community Foundation for Nantucket, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

NOTE 7 – DEBT (continued)

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, 2039. The mortgage now requires monthly principal and interest payment of \$2,837. During the year ended December 31, 2021, the Foundation made an additional principal payments of \$400,000. Future minimum payments are as follows for the years ending December 31st:

2022	\$ 27,961
2023	29,030
2024	30,127
2025	31,290
2026	32,486
Thereafter	23,738
Total	<u>\$174,632</u>

NOTE 8 - NET ASSETS

Net assets consisted of the following at December 31st:

	2021		
	Without donor restrictions	With donor restrictions	Total
Operating funds	\$ 1,398,053	\$ -	\$ 1,398,053
Non-endowed funds	10,708,558	-	10,708,558
Invested in fixed assets	878,800	-	878,800
Pledges receivable	-	1,044,270	1,044,270
Endowment funds	8,628,740	66,366	8,695,106
	<u>\$ 21,614,151</u>	<u>\$1,110,636</u>	<u>\$ 22,724,787</u>

	2020		
	Without donor restrictions	With donor restrictions	Total
Operating funds	\$ 995,986	\$ -	\$ 995,986
Non-endowed funds	6,904,882	-	6,904,882
Invested in fixed assets	913,376	-	913,376
Pledges receivable	-	821,930	821,930
Endowment funds	6,319,874	55,842	6,375,716
	<u>\$ 15,134,118</u>	<u>\$ 877,772</u>	<u>\$ 16,011,890</u>

Community Foundation for Nantucket, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

NOTE 8 - 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 \$2,611,813 and \$1,410,214 as of December 31, 2021 and 2020, respectively, and other donor created endowments that are subject to both the Foundation's variance power and spending policy.

As of December 31, 2021 and 2020, net assets with donor restrictions included net assets of \$50,636 and \$45,533 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:

	2021	
Cumulative earnings - perpetual endowment funds		
Without purpose restrictions	\$ 15,730	\$ 10,309
With purpose restrictions	-	-
Total earnings on perpetual endowment	15,730	10,309
Other funds restricted for purpose	-	-
Other funds restricted for time	1,044,270	821,930
Total	<u>\$1,060,000</u>	<u>\$ 832,239</u>

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

	2021	2020
Expiration of time restrictions	\$729,272	\$288,929

Net assets with donor restrictions consisted of pledges receivable restricted as to time until collected in the amount of \$1,044,270 and \$821,930 as of December 31, 2021 and 2020, respectively.

NOTE 9 – 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-

Community Foundation for Nantucket, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

NOTE 9 – ENDOWMENT FUNDS (continued)

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

Community Foundation for Nantucket, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

NOTE 9 – ENDOWMENT FUNDS (continued)

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, 2021 and 2020, there were no underwater endowments.

As of December 31, 2021 and 2020, perpetual endowment funds with original gift values of \$50,636 and \$45,533, and fair values of \$66,365 and \$55,842, 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.

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.

Community Foundation for Nantucket, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

NOTE 9 – ENDOWMENT FUNDS (continued)

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

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor created funds	\$ 6,016,927	\$ 66,366	\$ 6,083,293
Board designated funds	2,611,813	-	2,611,813
	<u>\$ 8,628,740</u>	<u>\$ 66,366</u>	<u>\$ 8,695,106</u>
	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor created funds	\$ 4,909,660	\$ 55,842	\$ 4,965,502
Board designated funds	1,410,214	-	1,410,214
	<u>\$ 6,319,874</u>	<u>\$ 55,842</u>	<u>\$ 6,375,716</u>

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

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 6,319,874	\$ 55,842	\$ 6,375,716
Investment return:			
Investment income	122,824	1,010	123,834
Appreciation/depreciation	708,632	6,024	714,656
Total investment return	<u>831,456</u>	<u>7,034</u>	<u>838,490</u>
Contributions	1,542,810	5,103	1,547,913
Appropriations for expenditure	(3,293)	(658)	(3,951)
Other changes	<u>(62,107)</u>	<u>(955)</u>	<u>(63,062)</u>
Endowment net assets, end of year	<u>\$ 8,628,740</u>	<u>\$ 66,366</u>	<u>\$ 8,695,106</u>

Community Foundation for Nantucket, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

NOTE 9 – ENDOWMENT FUNDS (continued)

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 4,707,414	\$ 45,558	\$ 4,752,972
Investment return:			
Investment income	89,742	972	90,714
Appreciation/depreciation	552,138	5,954	558,092
Total investment return	641,880	6,926	648,806
Contributions	1,069,295	5,078	1,074,373
Appropriations for expenditure	(95,441)	(979)	(96,420)
Other changes	(3,274)	(741)	(4,015)
Endowment net assets, end of year	\$ 6,319,874	\$ 55,842	\$ 6,375,716

NOTE 10 – RELATED PARTY ACTIVITY

One board member of the Foundation serves as an officer of a local banking institution with which the Foundation has a depository relationship.

NOTE 11 – MANAGEMENT CONSULTING AGREEMENT

The Foundation is party to a contractual agreement with Greater Horizons to provide various management services. The agreement is 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 may 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 are reported in professional fees other in the statement of activities.

Subsequent to December 31, 2021, Greater Horizons notified the Foundation that it will terminate the services agreement after 2022.

NOTE 12 – CONTINGENCIES

The Foundation continues to be impacted by COVID-19, which was characterized as a pandemic by the World Health Organization on March 11, 2020. Multiple jurisdictions in the U.S. have declared a state of emergency and implemented enhanced screenings, quarantine requirements, and other restrictions. It is anticipated that the impacts from this pandemic will continue for some time. There has been no immediate impact to the Foundation's operations. Potential impacts may include disruptions or restrictions on our employees' ability to work, our donors' ability to contribute, our ability to fundraise, or our capacity to support program services. Changes to the operating environment may increase operating costs. The future effects of these issues are unknown.

Community Foundation for Nantucket, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

NOTE 13 - RECLASSIFICATIONS

During 2021, certain amounts in the financial statements as of and for the year ended December 31, 2020 were reclassified to conform to current year presentation.

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 Organization's management has evaluated events subsequent to December 31, 2021 through May 12, 2022, which is the date the financial statements were available to be issued.

Subsequent to year end, the Foundation was the recipient of 100% interest an LLC that holds 100% of the interest in the non-voting shares of InkyCo and associated debt which was then forgiven. The Foundation has no capital contribution obligations, no legal exposure, or any responsibility for the operational and editorial decisions of InkyCo. Dividend distributed are intended for unrestricted use by the Foundation.

There were no other material events noted during this period that would either impact the results reflected in this report or the Foundation's results going forward.

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

To the Board of Trustees of
Community Foundation for 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, 2021, 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 12, 2022.

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.

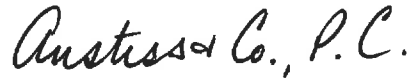
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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.
Chelmsford, MA
May 12, 2022