

BROOKLINE COMMUNITY FOUNDATION, INC.

FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED JUNE 30, 2023

(With Summarized Comparative Information for 2022)

Smith  Sullivan
& Brown PC

CERTIFIED PUBLIC ACCOUNTANTS

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BROOKLINE COMMUNITY FOUNDATION, INC.

REPORT ON FINANCIAL STATEMENTS

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Mission Statement

*The Brookline Community Foundation creates opportunity
and promotes equity through the transformative
power of giving.*

BROOKLINE COMMUNITY FOUNDATION, INC.

REPORT ON FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023
(With Summarized Comparative Information for 2022)

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Brookline Community Foundation, Inc.
Brookline, Massachusetts

Opinion

We have audited the accompanying financial statements of Brookline Community Foundation, Inc. (a Massachusetts nonprofit organization), which comprise the statement of financial position as of June 30, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brookline Community Foundation, Inc. as of June 30, 2023, 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 ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Brookline Community Foundation, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Brookline Community Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

To the Board of Trustees
Brookline Community Foundation, Inc.

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

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

Report on Summarized Comparative Information

We have previously audited Brookline Community Foundation, Inc.'s FY 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 12, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Smith, Sullivan & Brown, PC

Westborough, Massachusetts
October 5, 2023

BROOKLINE COMMUNITY FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS:</u>		
Cash	\$ 292,887	\$ 771,578
Pledges Receivable	40,500	58,000
Prepaid Expenses	28,303	16,398
Total Current Assets	<u>361,690</u>	<u>845,976</u>
<u>PROPERTY AND EQUIPMENT:</u>		
Net of Accumulated Depreciation	<u>193,925</u>	<u>206,383</u>
<u>NON-CURRENT ASSETS:</u>		
Long-Term Investments	4,614,034	4,916,189
Endowment Investments	3,807,579	3,331,933
Beneficial Interest in Perpetual Trust	107,053	106,574
Pledges Receivable, Net of Discount	115,500	145,160
Total Non-Current Assets	<u>8,644,166</u>	<u>8,499,856</u>
<u>TOTAL ASSETS</u>	<u>\$ 9,199,781</u>	<u>\$ 9,552,215</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES:</u>		
Accounts Payable	\$ 8,577	\$ 25,303
Accrued Payroll and Related Costs	3,513	2,806
Grants Payable	-	4,750
Deferred Revenue	25,452	28,700
Total Current Liabilities	<u>37,542</u>	<u>61,559</u>
<u>TOTAL LIABILITIES</u>	<u>37,542</u>	<u>61,559</u>
<u>NET ASSETS:</u>		
Net Assets Without Donor Restrictions:		
Undesignated	2,248,865	2,651,422
Board Designated	754,243	834,670
Total Net Assets Without Donor Restrictions	3,003,108	3,486,092
Net Assets With Donor Restrictions	6,159,131	6,004,564
Total Net Assets	<u>9,162,239</u>	<u>9,490,656</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 9,199,781</u>	<u>\$ 9,552,215</u>

BROOKLINE COMMUNITY FOUNDATION, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	<u>WITHOUT</u>	<u>WITH</u>	<u>TOTAL</u>	<u>WITHOUT</u>	<u>WITH</u>	<u>TOTAL</u>
	<u>DONOR</u>	<u>DONOR</u>	<u>ACTIVITIES</u>	<u>DONOR</u>	<u>DONOR</u>	<u>ACTIVITIES</u>
	<u>RESTRICTIONS</u>	<u>RESTRICTIONS</u>		<u>RESTRICTIONS</u>	<u>RESTRICTIONS</u>	
<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>						
<i>Public Support:</i>						
Gifts, Grants and Contributions	\$ 627,177	\$ 991,245	\$ 1,618,422	\$ 493,702	\$ 1,511,826	\$ 2,005,528
Special Fund Raising Events Proceeds	-	95,100	95,100	-	115,720	115,720
Less: Cost of Direct Benefits to Donors	-	(51,098)	(51,098)	-	(48,324)	(48,324)
Donated Goods and Services	-	-	-	2,000	-	2,000
<i>Other Revenues:</i>						
Investment Return (Loss)	241,852	575,439	817,291	(359,722)	(702,148)	(1,061,870)
Change in Value of Beneficial Interest in Perpetual Trust	-	479	479	-	(22,262)	(22,262)
Rental Income	26,628	-	26,628	43,511	-	43,511
<i>Reclassification of Net Assets:</i>						
Satisfaction of Donor Restrictions	<u>1,456,598</u>	<u>(1,456,598)</u>	<u>-</u>	<u>1,349,879</u>	<u>(1,349,879)</u>	<u>-</u>
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>2,352,255</u>	<u>154,567</u>	<u>2,506,822</u>	<u>1,529,370</u>	<u>(495,067)</u>	<u>1,034,303</u>
<u>EXPENSES:</u>						
Programs and Grants	2,243,907	-	2,243,907	1,797,359	-	1,797,359
Administrative	222,853	-	222,853	294,907	-	294,907
Fund Raising	<u>368,479</u>	<u>-</u>	<u>368,479</u>	<u>366,457</u>	<u>-</u>	<u>366,457</u>
<u>TOTAL EXPENSES</u>	<u>2,835,239</u>	<u>-</u>	<u>2,835,239</u>	<u>2,458,723</u>	<u>-</u>	<u>2,458,723</u>
<u>CHANGE IN NET ASSETS</u>	<u>(482,984)</u>	<u>154,567</u>	<u>(328,417)</u>	<u>(929,353)</u>	<u>(495,067)</u>	<u>(1,424,420)</u>
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>3,486,092</u>	<u>6,004,564</u>	<u>9,490,656</u>	<u>4,415,445</u>	<u>6,499,631</u>	<u>10,915,076</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 3,003,108</u>	<u>\$ 6,159,131</u>	<u>\$ 9,162,239</u>	<u>\$ 3,486,092</u>	<u>\$ 6,004,564</u>	<u>\$ 9,490,656</u>

BROOKLINE COMMUNITY FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2023

(With Summarized Comprative Totals for 2022)

	<u>PROGRAMS</u>	<u>ADMINI-</u>	<u>FUND</u>	<u>DIRECT</u>	<u>TOTAL</u>	
	<u>AND GRANTS</u>	<u>STRATIVE</u>	<u>RAISING</u>	<u>EVENT</u>	<u>FUNCTIONAL EXPENSES</u>	
				<u>COSTS</u>	<u>2023</u>	<u>2022</u>
Grants:						
BCF Fund for Brookline	\$ 163,064	\$ -	\$ -	\$ -	\$ 163,064	\$ 69,573
Scholarships	181,700	-	-	-	181,700	70,820
Field of Interest	263,811	-	-	-	263,811	564,167
Designated	216,802	-	-	-	216,802	25,542
Safety Net	482,500	-	-	-	482,500	350,001
Brookline Youth	86,815	-	-	-	86,815	80,865
Unrestricted	156,767	-	-	-	156,767	10,500
Donor Advised	78,860	-	-	-	78,860	29,279
Total Grants	1,630,319	-	-	-	1,630,319	1,200,747
Salaries and Wages	403,683	134,973	242,698	-	781,354	722,917
Payroll Taxes	30,720	13,135	17,801	-	61,656	52,375
Employee Benefits	40,062	16,026	45,384	-	101,472	88,525
Consultants and Professional Fees	21,250	39,905	6,000	-	67,155	105,969
Donated Goods and Services	-	-	-	-	-	2,000
Expenses for Fiscally Sponsored Projects	94	-	-	51,098	51,192	48,427
Maintenance and Repairs	13,282	1,162	2,158	-	16,602	21,238
Utilities	5,684	497	924	-	7,105	6,583
Staff Development	4,880	1,307	2,527	-	8,714	8,686
Insurance	5,704	802	1,523	-	8,029	7,627
Printing and Postage	-	1,066	28,775	-	29,841	24,492
Office Supplies and Expense	67,848	6,666	12,888	-	87,402	151,730
Telephone, Internet and Equipment Rental	4,614	1,236	2,389	-	8,239	8,117
Depreciation Expense	9,966	872	1,620	-	12,458	16,006
Dues, Bank Fees and Miscellaneous	5,801	1,552	3,003	-	10,356	11,429
Meetings, Conferences and Events	-	3,654	789	-	4,443	30,179
Total Functional Expenses	2,243,907	222,853	368,479	51,098	2,886,337	2,507,047
Cost of Direct Benefits to Donors	-	-	-	(51,098)	(51,098)	(48,324)
Total Expenses Per Statement of Activities	\$ 2,243,907	\$ 222,853	\$ 368,479	\$ -	\$ 2,835,239	\$ 2,458,723

BROOKLINE COMMUNITY FOUNDATION, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in Net Assets	\$ (328,417)	\$ (1,424,420)
<i>Adjustments to Reconcile the Above to Net Cash</i>		
<i>Used by Operating Activities:</i>		
Contributions Restricted for Long-Term Purposes	(200,178)	(268,565)
Donated Stock and Cash Held in Investments	(6,199)	(64,883)
Investment (Return) Loss	(817,291)	1,061,870
Depreciation Expense	12,458	16,006
<i>(Increase) Decrease in Current Assets:</i>		
Pledges Receivable	17,500	28,530
Prepaid Expenses	(11,905)	(5,218)
<i>Increase (Decrease) in Current Liabilities:</i>		
Accounts Payable	(16,727)	14,629
Accrued Payroll and Related Costs	707	(1,855)
Grants Payable	(4,750)	4,750
Deferred Revenue	(3,248)	3,280
<i>(Increase) Decrease in Non-Current Assets:</i>		
Beneficial Interest in Perpetual Trust	(479)	22,262
Pledges Receivable, Net of Discount	29,660	(31,750)
Net Adjustment	(1,000,452)	779,056
<u>NET CASH USED BY OPERATING ACTIVITIES</u>	<u>(1,328,869)</u>	<u>(645,364)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Proceeds from Sales of Investments	650,000	-
Net Cash Flows from Investing Activities	650,000	-
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Contributions Restricted for Long-Term Purposes	200,178	268,565
Net Cash Flows from Financing Activities	200,178	268,565
<u>NET DECREASE IN CASH BALANCES</u>	<u>(478,691)</u>	<u>(376,799)</u>
<u>CASH BALANCES - BEGINNING OF YEAR</u>	<u>771,578</u>	<u>1,148,377</u>
<u>CASH BALANCES - END OF YEAR</u>	<u>\$ 292,887</u>	<u>\$ 771,578</u>

BROOKLINE COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

(With Summarized Comparative Information for 2022)

NOTE 1 ORGANIZATION

The Brookline Community Foundation, Inc. (“BCF” or the “Foundation”) is incorporated under the provisions of Massachusetts General Laws Chapter 180 and qualifies as a tax-exempt, not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code (“IRC”). The Brookline Community 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 Brookline Community Foundation, Inc. is a tax-exempt, nonprofit, autonomous, publicly supported nonsectarian philanthropic institution with the long-term goal of building permanent, named component funds established by many separate donors to carry out their charitable interests and for the broad-based charitable interest of and for the benefit of Brookline, Massachusetts. With roots in the community dating back to the 19th century, the Foundation evolved from women active in the temperance movement in 1878 who organized and incorporated the Brookline Friendly Society in 1905. For much of the 20th century, the Brookline Friendly Society provided both health and social services for Brookline's neediest residents. In 1999, the Foundation renamed itself the Brookline Community Fund and provided small grants to the community. The Brookline Community Fund was then renamed the Brookline Community Foundation (“BCF”) in 2005 to reflect its expanded mission.

The Brookline Community Foundation's mission is to create opportunity and promote equity through the transformative power of giving. The Foundation is primarily funded through gifts, grants and contributions from the general public.

NOTE 2 PROGRAM SERVICES

Since 1999, the Brookline Community Foundation has built on its history as a grassroots charitable organization to become a trusted, collaborative community foundation. Today, BCF strengthens the Brookline community through strategic grantmaking and capacity building, research and convenings and innovative philanthropic partnerships.

BCF's strategic plan for 2021 - 2025 continues to focus on the future of Brookline with a vision of a better Brookline for all. Our mission to create opportunity and promote equity through the transformative power of giving will be advanced through the following four key strategic levers:

- Surfacing barriers to opportunity and equity in Brookline
- Engaging community members in collaborative solution building
- Inspiring transformative giving that supports a thriving Brookline
- Advancing opportunity for those most impacted by inequity

BROOKLINE COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

(With Summarized Comparative Information for 2022)

(Continued)

NOTE 2 *(Continued)*

BCF's programmatic activity include four key initiatives:

- BCF Grantmaking - Our core grantmaking programs that fund Brookline's nonprofits, community groups and efforts that aim to eliminate barriers to opportunity and equity and expand access for vulnerable populations. Through this effort, BCF awards grants in various programs including the Community Grant Program, Safety Net Grant Program, Youth Development Grant Program, Racial Equity Grant Program and Scholarships to Brookline High School students.
- Understanding Brookline - A research initiative that published a new report and a dynamic community database providing insights into the trends shaping Brookline. For the first time, real-time Brookline-specific data on health, wellness, economic opportunity, education, and more will be available for community use. The data and analysis can be leveraged to drive collaborative planning, priority-setting and action for BCF and others in Brookline. This exciting project will be celebrated at an in-person launch event this coming fall.
- Community Partnerships - We use insights gained through research to drive shared community conversations and engage community members in collaborative solution-building. Through community engagement efforts, such as providing technical assistance to local nonprofits, publishing the ARPA Community Engagement Report which provides an in-depth look at the challenges, needs, and opportunities facing Brookline from the perspective of community members, and offers recommendations for investment priorities to support an equitable recovery; we learn firsthand where community members see opportunities for meaningful change and where we can make transformative investments in Brookline. And through new initiatives and partnerships, we're bringing deeper insights and new ideas to address our shared challenges together.
- Philanthropic Leadership - BCF partners with donors to identify opportunities for meaningful community investment that supports a thriving Brookline today, tomorrow, and for generations to come. We work side-by-side with donors, sponsor site visits as well as donor programs to illustrate the impact of their giving to BCF. We help donors realize their unique philanthropic visions, establish and manage funds that provide crucial support to local organizations, and ensure your giving has the greatest possible impact in Brookline.

All of the programmatic initiatives and philanthropic services drive towards BCF's strategic objectives.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting:

The financial statements of the Foundation have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles ("GAAP") and accordingly, reflect all significant receivables, payables, and other liabilities.

BROOKLINE COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

(With Summarized Comparative Information for 2022)

(Continued)

NOTE 3 *(Continued)*

Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts 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; however, adherence to generally accepted accounting principles has, in management's opinion, resulted in reliable and consistent financial reporting by the Foundation.

Fair Value of Financial Instruments:

The Foundation reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. The hierarchy, established by generally accepted accounting principles, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1 - Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments which are generally included in this category include listed equity and debt securities publicly traded on an exchange.
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in markets that are not active; observable inputs other than quoted prices for the asset or liability (for example, interest rate and yield curves); and inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- Level 3 - Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

When available, the Foundation measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. The primary use of fair value measures in the Foundation's financial statements are the recurring measurement of the Foundation's investments and its beneficial interest in a perpetual trust.

Financial Statement Presentation:

The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. These classifications are related to the existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restrictions - Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. In addition, net assets within this classification include funds which represent resources designated by the Board of Trustees for specific purposes. See Note 6 for a summary of board designated net assets.

BROOKLINE COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

(With Summarized Comparative Information for 2022)

(Continued)

NOTE 3 (Continued)

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions may be perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity. The Foundation's unspent contributions are reported in net assets with donor contributions if the donor limited their use, as are promised contributions that are not yet due. Contributions of property and equipment, or cash restricted to acquisition of property and equipment, are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

The accompanying financial statements include certain FY 2022 summarized comparative information. With respect to the Statement of Functional Expenses, FY 2022 expenses by line item are in total rather than by functional category. The summarized comparative information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Accounting principles generally accepted in the United States of America provide that if the governing body of an organization has the unilateral power to redirect the use of donor contributions to another beneficiary, such contributions should be classified as net assets without donor restrictions. The Board of Trustees of the Brookline Community Foundation, Inc. has the ability known as variance power; however, the Board would generally intend to exercise this authority only if the stated purpose of a contribution becomes no longer applicable and incapable of fulfillment. Accordingly, these financial statements reflect certain donor-advised funds, non-endowed donor-designated funds, field of interest funds, scholarship funds, fiscal sponsorship funds and funds endowed by donors as net assets with donor restrictions.

The Brookline Community Foundation held the following types of funds for the years presented:

Donor-Advised Funds - Funds established through a formal agreement with the Foundation and the donor whereby the donor may advise the charity on the treatment of the fund and recommend grants from their accounts. All donor-advised funds held by BCF during the year end presented included a specification by the donor as to the areas of interest they recommend the funds be spent. Therefore, although BCF holds variance power over the ultimate use of the funds, the Foundation reports these funds as with donor restrictions. If the Foundation would receive a donor-advised gift which is silent as to the specific areas of interest to the donor, those donor-advised funds would be included in net assets without donor restrictions.

Donor-Designated Funds - Non-Endowed - Funds established through a formal agreement with the Foundation whereby the donor has specified that the funds should go to a specific organization or group.

Field of Interest Funds - Funds established through a formal agreement with the Foundation whereby the donor identifies one (or more) areas of community interest. For the year presented, BCF held both endowed and non-endowed field of interest funds.

Scholarship Funds - Funds established to support scholarships for Brookline High School students. For the year presented, BCF held both endowed and non-endowed scholarship funds.

BROOKLINE COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

(With Summarized Comparative Information for 2022)

(Continued)

NOTE 3 (Continued)

Fiscal Sponsorship - During the year end presented, BCF acted as a fiscal sponsor for one local group (the “sponsee”). As BCF retains ultimate variance power over these contributions, amounts received on behalf of the sponsee are treated as contributions with donor restrictions to BCF and expenses paid on behalf of the group are treated as expenses of the Foundation.

General Endowed Funds - Funds established through a formal agreement with a donor whereby the donor has requested that the original corpus, and any additional contributions to the corpus, be held in perpetuity.

Receivables:

Pledges Receivable represents unconditional, multi-year promises to give. Receivables are reported at their net realizable value and classified as current if they are scheduled for payment within one year, and non-current when the expected payment date exceeds one year. Management determines the allowance for uncollectible pledges receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Pledges receivable are written off against the allowance when deemed uncollectible. As of June 30, 2023 and 2022, Management considers all pledges receivable to be fully collectible; therefore, these financial statements do not contain a provision for uncollectible amounts. As of June 30, 2023 and 2022, all non-current *Pledges Receivable* are due within one to five years.

Property and Equipment:

Property, equipment, furnishing and improvement purchases in excess of \$5,000 are capitalized at cost, if purchased, or if donated, at fair value on the date of receipt. Expenditures for maintenance repairs and renewals are charged to expense as incurred, whereas, major betterments are capitalized as additions to property and equipment. Depreciation of property and equipment is computed using the straight-line method, and is charged to activities over the estimated useful lives of the assets as expressed in terms of years.

The Foundation reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indications of asset impairment during the years presented.

Investments:

The Foundation records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the Statements of Financial Position. Investments are classified as either short-term or long-term, depending upon the underlying intentions. Cash and cash equivalents held in investment portfolios are reported as investments for purposes of these financial statements. *Long-Term Investments* and *Endowment Investments* are classified as such because those assets are not intended for use in the current operating budget.

BROOKLINE COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

(With Summarized Comparative Information for 2022)

(Continued)

NOTE 3 *(Continued)*

Endowment Funds:

The Foundation's endowment funds consist of individual donor-restricted endowed funds established to support activities of the Foundation, a scholarship fund established by the Board to accept donor-restricted endowed gifts and a Board- designated endowed portion of the Brookline Safety Net fund. The earnings and appreciation on the funds are either available for general giving or restricted for specific purposes by the endowment agreement. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

As required by the Commonwealth of Massachusetts, the Foundation follows the guidance of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). UPMIFA establishes law for the management of investment of donor-restricted endowment funds. The Board of Trustees' interpretation of state law is that the Foundation, absent explicit donor stipulations to the contrary, may appropriate as much of the net appreciation as is prudent considering the Foundation's long and short-term needs, present and anticipated financial requirements, expected total return on its investments, price-level trends, and general economic conditions.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination of whether to invest or appropriate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

The Foundation reports the original corpus of the initial and subsequent gift amounts donated to the endowment as restricted in perpetuity, a component of net assets with donor restrictions. Income and appreciation earned on endowment investments are classified as with donor restrictions until appropriated for expenditure by the Board of Trustees based on the donor's instructions or the criteria above.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level of the original corpus. Deficiencies of this nature are reported in net assets with donor restrictions. As of June 30, 2023 and 2022, four and five endowment funds fell below the level of their original corpus of \$1,546,512 and \$1,554,768, in the aggregate, respectively. The fair value of the underlying investments in these funds totaled \$1,123,675 and \$1,113,100 as of June 30, 2023 and 2022, leaving a deficiency or "underwater" portion of \$422,837 and \$441,668, respectively. Of the underwater endowments, 87% and 86% of the deficiency is made up of one fund, the NETA I fund for the years then ended June 30, 2023 and 2022. In 2015, the Board of Trustees voted for this fund to have a payout rate beyond the Foundation's payout rate which they deemed to be prudent in accordance with UPMIFA. Grants and scholarships were also awarded from the remaining underwater endowments consistent with the Board of Trustees' interpretation of UPMIFA.

BROOKLINE COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

(With Summarized Comparative Information for 2022)

(Continued)

NOTE 3 (Continued)

The Foundation also holds “spending-policy” funds which are treated similar to endowment funds; however, these funds are not reported as endowment funds in these financial statements. The Foundation has adopted investment and spending policies for endowment assets, and funds functioning as endowment, that attempt to provide a predictable stream of funding for programs supported by this funding, while seeking to maintain the purchasing power of the fund assets. Under this policy, as approved by the Board of Trustees, the endowment is to maintain its purchasing power by generating a total return, net of fees, that exceeds the spending rate over the long-term. For a majority of funds held during the year end presented, the spending rate on the endowment funds and funds held under “spending policy agreements” is 4.75% of the average market value of the fund’s trailing twelve calendar quarters.

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 constraints.

The Board of Trustees designates only a portion of the Foundation’s cumulative investment return on its general investments for support of current operations and the remainder is retained to support operations of future years and to offset potential market declines. The amount computed under the endowment spending policy of the investment pool is used to support current operations and grants.

Beneficial Interest in Perpetual Trust:

The Foundation has been named as the irrevocable beneficiary of a perpetual trust held and administered by an independent trustee. The Foundation has neither possession nor control over the assets of the trust. Perpetual trusts provide for the distribution of income of the trusts to the Foundation; however, the Foundation will never receive the assets of the trust. At the date the Foundation receives notice of a beneficial interest, a contribution with donor restrictions is recorded at its fair value in the Statement of Activities and the *Beneficial Interest in Perpetual Trust* is reported as a non-current asset in the Statements of Financial Position. The change in the value of the *Beneficial Interest in Perpetual Trust* is reported as an increase (or decrease) in net assets with donor restriction. Income earned on assets held in the *Beneficial Interest in Perpetual Trust* is recognized as a component of *Investment Return (Loss)* when received.

Agency Funds:

As required by generally accepted accounting principles, if a nonprofit organization establishes with its own funds, a fund at the Foundation for its own benefit, the transfer of assets to the Foundation is not considered contribution revenue to the Foundation and is accounted for as a liability. As of June 30, 2023 and 2022, the Foundation did not have any funds of this nature.

Revenue Recognition:

Gifts, Grants and Contributions are recognized when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give—that is, those with a measurable performance or other barrier and right of return, are not recognized until the conditions on which they depend have been met. Contributions of assets other than cash are reported at their estimated fair value.

BROOKLINE COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

(With Summarized Comparative Information for 2022)

(Continued)

NOTE 3 (Continued)

Unconditional, multi-year commitments are recognized in the year during which the initial commitment was made. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved, when such amounts are considered material.

Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions.

Special Fund Raising Event Proceeds is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Foundation fiscally sponsors a fund raising event on behalf of one of its donor-advised funds. BCF recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. Amounts received in advance are reported as *Deferred Revenue* in the accompanying Statements of Financial Position. The Foundation recognizes the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place.

Donations of Nonfinancial Assets may include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. The Foundation does not monetize such contributions. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

Investment Return (Loss) includes interest and dividends on investments which are recognized when earned. Realized and unrealized gains and losses are recognized as incurred or based on market value changes during the period. External and direct internal expenses are netted against the investment return.

Rental Income includes amounts earned under leased office space to three other nonprofit organizations under agreements which are renewable annually. Income attributable to these lease agreements is recognized in the month earned.

Functional Expenses:

Brookline Community Foundation, Inc. allocates its expenses on a functional basis among its various programs and support services. Expenses that are common to several functions are allocated based upon space and time usage. For the years end presented, the following expenses are based on employee time and effort: *Salaries and Wages*, *Payroll Taxes* and *Employee Benefits*. *Utilities, Maintenance and Repairs*, *Depreciation Expense* and all other building related expenses are allocated based on square footage. Supporting services are those related to operating and managing BCF and its programs on a day-to-day basis.

Supporting services have been sub-classified as follows:

Administrative - includes all activities related to Brookline Community Foundation, Inc.'s internal management and accounting for program services.

BROOKLINE COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

(With Summarized Comparative Information for 2022)

(Continued)

NOTE 3 (Continued)

Fund Raising - includes all activities related to maintaining contributor information, writing grant proposals, distribution of materials, indirect costs of fund raising events and other similar projects related to the procurement of donated funds.

Cost of Direct Benefit to Donors - includes direct costs of the Special Fund Raising Event and is presented as an offset to *Special Fund Raising Event Proceeds* revenue in the accompanying Statements of Activities.

Grants Expense and Grants Payable:

The Foundation recognizes a grant expense at the time the Board of Trustees approves the award and all significant conditions are met. Each of BCF's grant programs has its own guidelines for eligibility, application, and deadlines for submission of proposals. BCF Community, Youth Fund and Racial Equity Fund grants are made by the Foundation and approved by the Program and Grants Committee based on community need. Safety Net and Brookline For All grants are approved by a team of BCF staff based on funding availability and need. Designated grants are grants made from funds established to support specific organizations. As of June 30, 2022, the *Grants Payable* balance is expected to be paid within the following fiscal year. As of June 30, 2023, there were no *Grants Payable*.

The Foundation has committed to several conditional multi-year grants as of June 30, 2023. Future disbursements on these grants are conditional upon a programmatic progress report that must be approved by the Director of Program & Partnerships prior to distribution of the annual grant installment, therefore, these amounts have not been recognized in the accompanying financial statements. The annual awards under these grant agreements will be recognized as expenses when the conditions have been met and the funds are obligated for distribution. As of June 30, 2023, the Foundation had awarded \$146,666 in conditional grant awards which are expected to be paid in FY 2024.

Recent Accounting Guidance:

Recently Implemented Standards

Effective July 1, 2022, the Foundation adopted ASU 2020-07 *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU increases transparency in reporting nonprofit gifts-in-kind in the Foundation's financial statements. Although the standard did not change the accounting for contributed nonfinancial assets, the Foundation's disclosures have been enhanced to provide qualitative policy information on the techniques and inputs used to determine the valuation of nonfinancial donations.

The Foundation adopted ASU 2016-02 (as amended), *Leases* (Topic 842) on July 1, 2022. As part of the adoption of the standard, the Foundation elected and applied the following practical expedients on the adoption date:

- The package of practical expedients permitting the Foundation to not reassess (i) the lease classification of existing leases; (ii) whether existing and expired contracts are or contain leases; and (iii) initial direct costs for existing leases.

BROOKLINE COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

(With Summarized Comparative Information for 2022)

(Continued)

NOTE 3 (Continued)

The Foundation accounted for its existing operating leases with tenants of the property as operating leases. As the lessor, adopting ASU 2016-02 in accounting for tenant leases did not result in adjustments to the financial statements for the years presented.

NOTE 4 PROPERTY AND EQUIPMENT

The following is a summary of the Foundation's property and equipment as of June 30, 2023 and 2022:

<u>Asset Category</u>	<u>Est. Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	
				<u>2023</u>	<u>2022</u>
Land	-	\$ 3,500	\$ -	\$ 3,500	\$ 3,500
Building and Improvements	33	408,298	219,536	188,762	199,267
Computer Technology/Equipment	3	26,600	26,600	-	-
Furniture and Fixtures	3 - 10	<u>22,785</u>	<u>21,122</u>	<u>1,663</u>	<u>3,616</u>
Total		<u>\$461,183</u>	<u>\$267,258</u>	<u>\$193,925</u>	<u>\$206,383</u>

NOTE 5 INVESTMENTS AND FAIR VALUE MEASUREMENTS

As of June 30, 2023 and 2022, investment costs and unrealized gains and losses consisted of the following components (See Note 11):

<u>Investment Type</u>	<u>Cost Basis</u>	<u>Unrealized Gains (Losses)</u>	<u>Fair Value (Level 1)</u>	<u>Fair Value (Level 3)</u>	<u>Total Investments 2023</u>
Exchange-Traded Funds:					
U.S. Exchange-Traded Funds	\$ 921,505	\$ 220,616	\$1,142,121	\$ -	\$1,142,121
International Exchange-Traded Funds	377,611	(6,587)	371,024	-	371,024
Mutual Funds:					
U.S. Bond Funds	1,531,991	(143,736)	1,388,255	-	1,388,255
Internal Bond Funds	518,057	(77,309)	440,748	-	440,748
U.S. Equity Funds	2,402,448	877,863	3,280,311	-	3,280,311
International Equity Funds	1,608,188	175,924	1,784,112	-	1,784,112
Cash and Cash Equivalents	<u>15,042</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,042</u>
Total Investments	<u>\$7,374,842</u>	<u>\$1,046,771</u>	<u>\$8,406,571</u>	<u>\$ -</u>	<u>\$8,421,613</u>
Beneficial Interest in Perpetual Trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$107,053</u>	<u>\$ 107,053</u>

BROOKLINE COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

(With Summarized Comparative Information for 2022)

(Continued)

NOTE 5 *(Continued)*

<u>Investment Type</u>	<u>Cost Basis</u>	<u>Unrealized Gains (Losses)</u>	<u>Fair Value (Level 1)</u>	<u>Fair Value (Level 3)</u>	<u>Total Investments 2022</u>
Exchange-Traded Funds:					
U.S. Exchange-Traded Funds	\$1,025,828	\$ 161,561	\$1,187,389	\$ -	\$1,187,389
International Exchange-Traded Funds	256,587	(21,828)	234,759	-	234,759
Mutual Funds:					
U.S. Bond Funds	1,210,180	(84,551)	1,125,629	-	1,125,629
Internal Bond Funds	465,096	(66,632)	398,464	-	398,464
U.S. Equity Funds	2,623,757	1,034,455	3,658,212	-	3,658,212
International Equity Funds	1,640,216	(23,978)	1,616,238	-	1,616,238
Cash and Cash Equivalents	<u>27,431</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,431</u>
Total Investments	<u>\$7,249,095</u>	<u>\$ 999,027</u>	<u>\$8,220,691</u>	<u>\$ -</u>	<u>\$8,248,122</u>
Beneficial Interest in Perpetual Trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$106,574</u>	<u>\$ 106,574</u>

The Foundation uses the following ways to determine the fair value of its investments:

Mutual Funds and Exchange-Traded Funds (“ETFs”): Determined by the published closing price on the last business day of the fiscal year.

Beneficial Interest in Perpetual Trust: Valued at BCF's proportional interest in the fair value of the underlying trust assets on the last business day of the fiscal year.

Investments are classified as follows for the year ending June 30, 2023 and 2022 presented:

<u>Investment Classification</u>	<u>2023</u>	<u>2022</u>
Long-Term Investments	\$4,614,034	\$4,916,189
Endowment Investments	<u>3,807,579</u>	<u>3,331,933</u>
Total Investments	<u>\$8,421,613</u>	<u>\$8,248,122</u>

<u>Components of Investment Return</u>	<u>2023</u>	<u>2022</u>
Interest and Dividends	\$267,303	\$ 337,722
Investment Fees	(40,876)	(44,908)
Net Realized/Unrealized Loss on Investments	<u>590,864</u>	<u>(1,354,684)</u>
Investment Return (Loss)	<u>\$817,291</u>	<u>\$(1,061,870)</u>

BROOKLINE COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

(With Summarized Comparative Information for 2022)

(Continued)

NOTE 6 NET ASSETS

Board Designated:

Net assets without donor restrictions include the following designations by the Board of Trustees as of June 30, 2023 and 2022:

<u>Nature of Designation</u>	<u>2023</u>	<u>2022</u>
Grant-Making Reserve	\$405,588	\$513,163
Operating Reserve	291,230	264,082
Brookline Safety Net	<u>57,425</u>	<u>57,425</u>
Total Board Designated Net Assets	<u>\$754,243</u>	<u>\$834,670</u>

The balance of board designated net assets is held in investments as of June 30, 2023 and 2022.

BROOKLINE COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

(With Summarized Comparative Information for 2022)

(Continued)

NOTE 6 (Continued)

Net Assets with Donor Restrictions:

Net assets with donor restrictions consisted of the following as of June 30, 2023 and 2022:

<u>Nature of Restriction</u>	<u>2023</u>	<u>2022</u>
Subject to Expenditure for Specified Purposes:		
Donor-Advised Funds**	\$1,229,455	\$1,200,788
Donor- Advised Funds - Non-Endowed	24,983	221,379
Field of Interest Funds - Non-Endowed	187,961	336,199
Fiscally Sponsored Projects	16,057	16,401
Brookline Safety Net Fund - Non-Endowed	359,691	248,625
Scholarship Fund - Non-Endowed	<u>327,777</u>	<u>411,934</u>
Total Funds Subject to Expenditure for Specified Purposes	<u>2,145,924</u>	<u>2,435,326</u>
Subject to the Passage of Time:		
Multi-Year Pledges	<u>7,250</u>	<u>2,000</u>
Subject to the Foundation's Spending Policy and Appropriation:		
Accumulated Gains on Endowment Funds	411,524	314,032
Underwater Endowments	<u>(422,837)</u>	<u>(441,668)</u>
Total Subject to the Foundation's Spending Policy	<u>(11,313)</u>	<u>(127,636)</u>
Donor Endowed Funds Restricted in Perpetuity:		
Hattie L. Carr Fund	75,704	75,704
Environmental Stewardship Fund*	206,857	206,857
BCF Scholarship Fund for Brookline High School***	1,423,541	1,330,218
Brookline Tuberculosis and Health Society Fund*	583,534	583,534
BCF Opportunity & Equity Fund	127,377	85,846
Hodgman Pike Scholarship Fund	56,500	54,500
Olga Blasser Scholarship Fund****	124,863	-
Thomas P. Hennessey Scholarship Fund	87,227	87,027
Sarah E. Lawrence Fund*	177,422	177,422
Margaret Bush Fund for Education	60,000	-
Mason Family Fund*	156,304	156,304
Hoppin Family Fund	52,773	52,773
NETA Fund	<u>778,115</u>	<u>778,115</u>
Total Endowment Funds Restricted in Perpetuity	<u>3,910,217</u>	<u>3,588,300</u>
Subject to Restriction in Perpetuity:		
Beneficial Interest in Perpetual Trust	<u>107,053</u>	<u>106,574</u>
Total Net Assets with Donor Restrictions	<u>\$6,159,131</u>	<u>\$6,004,564</u>

* Endowed Field of Interest Fund

BROOKLINE COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

(With Summarized Comparative Information for 2022)

(Continued)

NOTE 6 *(Continued)*

** As Donor-Advised Funds held by the Foundation include requests by the donor to support certain areas of need, Management considers these funds to be net assets with donor restrictions.

*** The Scholarship Fund was established by the Board for donors to make endowed contributions.

****Reclassified to donor-endowed fund

Net assets released from donor restrictions by incurring expenses which satisfied the restricted purposes, by the passage of time or by the occurrence of events specified by the donors were as follows for the years presented:

<u>Nature of Restriction</u>	<u>2023</u>	<u>2022</u>
Donor-Advised Funds**	\$ 186,500	\$ 132,623
Donor-Designated Funds - Non-Endowed	217,923	26,101
Field of Interest Funds - Non-Endowed	692,972	529,875
Fiscally Sponsored Projects	344	353
Brookline Safety Net Fund - Non-Endowed	12,538	345,882
Scholarship Fund - Non-Endowed	127,123	24,205
BCF Rapid Response	-	11,012
Multi-Year Pledges	5,750	34,280
Community Education on COVID-19 Funding	-	68,500
Endowment Appropriations	<u>213,448</u>	<u>177,048</u>
Total	<u>\$1,456,598</u>	<u>\$1,349,879</u>

** As Donor-Advised Funds held by the Foundation include requests by the donor to support certain areas of need, Management considers these funds to be net assets with donor restrictions.

BROOKLINE COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

(With Summarized Comparative Information for 2022)

(Continued)

NOTE 7 ENDOWMENT NET ASSETS

The following schedule summarizes the change in endowment net assets for the years ended June 30, 2023 and 2022:

	<u>With Donor Restrictions</u>			
	<u>Without Donor Restrictions</u>	<u>Original Gift Amount</u>	<u>Net Appreciation (Depreciation)</u>	<u>Total Endowment Net Assets</u>
Endowment Net Assets, June 30, 2021	\$57,425	\$3,319,735	\$ 480,234	\$3,857,394
Contributions	-	268,565	-	268,565
Investment Return (Loss)	-	-	(430,822)	(430,822)
Appropriated for Expenditures	-	-	<u>(177,048)</u>	<u>(177,048)</u>
Endowment Net Assets, June 30, 2022	57,425	3,588,300	(127,636)	3,518,089
Contributions	-	200,178	-	200,178
Reclassifications	-	121,739	-	121,739
Investment Return (Loss)	-	-	329,771	329,771
Appropriated for Expenditures	-	-	<u>(213,448)</u>	<u>(213,448)</u>
Endowment Net Assets, June 30, 2023	<u>\$57,425</u>	<u>\$3,910,217</u>	<u>\$ (11,313)</u>	<u>\$3,956,329</u>

NOTE 8 FUND RAISING ACTIVITIES

The Foundation fiscally sponsors an annual golf tournament to generate contributions on behalf of the Brookline Youth Fund. The results of this fund raising event for the year ended June 30, 2023 and 2022 is summarized below:

	<u>2023</u>	<u>2022</u>
Greens Fee	\$ 49,713	\$ 45,510
Donation	<u>45,387</u>	<u>70,210</u>
Gross Proceeds	95,100	115,720
Less: Costs of Direct Benefit to Donors	<u>(51,098)</u>	<u>(48,324)</u>
Net Event Revenues	<u>\$ 44,002</u>	<u>\$ 67,396</u>

NOTE 9 DONATED GOODS AND SERVICES

For the year ended June 30, 2022, the Foundation reported \$2,000 in donated advertising which are considered fund raising costs of the Foundation and are included in *Donated Goods and Services* in the accompanying financial statements. The fair value of donated advertising is based on current rates for similar services in the advertising industry. For the year ended June 30, 2023, the Foundation did not have any *Donated Goods and Services*.

BROOKLINE COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

(With Summarized Comparative Information for 2022)

(Continued)

NOTE 10 EMPLOYEE BENEFIT PLAN

The Foundation maintains a defined contribution plan for all eligible employees. The plan is qualified under Internal Revenue Code Section 403(b) and the Employee Retirement Income Security Act. Contributions by the Foundation to the plan are based on a discretionary percentage of employee compensation. Employer contributions amounted to \$17,668 and \$21,102 for the years ended June 30, 2023 and 2022, respectively, and are included in *Employee Benefits* in the accompanying Statement of Functional Expenses.

NOTE 11 CONCENTRATIONS

Cash and Investments:

The Foundation is subject to concentrations in credit risk relating primarily to cash and investments. For the year presented, the Foundation's cash deposits are held in one financial institution. Cash deposits are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per institution. As of June 30, 2023 and 2022, funds held at this financial institution in excess of federally insured limits were \$149,063 and \$628,639, respectively.

The Foundation's investment portfolio is professionally managed by Mason Investment Advisory Services, Inc. and is custodied with a single financial institution. The Foundation invests in professionally managed money market, mutual funds and exchange-traded funds that contain various types of marketable securities. The Foundation's investments are exposed to various risks, such as fluctuations in market value, and credit risk. Thus, it is at least reasonably possible that changes in the near term could materially affect investment balances. The Foundation's investment performance is reviewed by the Investment Committee, a subcommittee of the Finance Committee, three times per year and the Finance Committee reports to the Board of Trustees on a regular basis.

Revenue:

For the years ended June 30, 2023 and 2022, contributions from two donors accounted for 41% and 48%, respectively, of total *Gifts, Grants and Contributions*. The largest donor during the years ended June 30, 2023 and 2022 was the Town of Brookline (the "Town"), which awarded \$500,000 and \$568,500, respectively, in grants to the Foundation. The funding from the Town represented 31% and 28% of total *Gifts, Grants and Contributions* during the years ended June 30, 2023 and 2022, respectively.

Pledges Receivable:

As of June 30, 2023 and 2022, two pledges accounted for 80% and 71%, respectively, of total *Pledges Receivable*.

BROOKLINE COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

(With Summarized Comparative Information for 2022)

(Continued)

NOTE 12 COMMITMENTS AND CONTINGENCIES

Power Purchase Agreement:

During the year ended December 31, 2016, the Foundation entered into a 15-year Power Purchase Agreement with a Massachusetts limited liability company (the “Seller”). Under this agreement, the Foundation will purchase 100% of the solar power of the system from the Seller during the term of the agreement at a scheduled unit rate per kilowatt hour, which increases each year on the anniversary date. The Foundation will incur no expenses related to the initial cost of the system unless the Foundation prematurely terminates the agreement. In the event of a termination, the Foundation would pay a percent of the total system cost of \$40,824 on a sliding scale over the 15-year period. Future obligations under the agreement cannot be reasonably estimated as it will vary based on the volume of electricity that is generated.

NOTE 13 CONDITIONAL GRANT FUNDING

During the year ended June 30, 2023, the Foundation received a \$1,000,000 conditional grant award for its Safety Net program from the Town of Brookline. This grant was awarded through Round One of the Town’s allocation of funds under the Coronavirus State & Local Fiscal Recovery Fund created via the American Rescue Plan Act of 2021 (“ARPA”). Per the terms and conditions of the grant program, the Foundation received an upfront amount of \$500,000 to provide emergency grants to Brookline residents to help with basic needs like food, rent, and bills. As of June 30, 2023, the Foundation met the conditions to recognize the first upfront payment of this award; therefore, \$500,000 has been reported as *Gifts, Grants and Contributions* with Donor Restrictions in the accompanying Statements of Activities for the year then ended. The remaining balance of \$500,000 is scheduled to be received during FY 2024 and will be recognized as revenue when the expenses have been incurred meeting the conditions of the grant award.

In April 2023, the Foundation was awarded two grant awards through Round Two of the Town’s allocation of ARPA funding in the amount of \$1,089,885 and \$500,000 for its Safety Net and Racial Equity programs. As of June 30, 2023, no funds have been received, or expenditures have occurred, related to this funding and BCF expects to receive this funding in FY 2024 and FY 2025.

During the year ended June 30, 2023, the Foundation received a conditional grant award of \$375,000 from Steps to Success to fund a scholarship program. The first installment of this grant of \$110,000 was received in June 2023 and was re-granted during FY 2023 meeting the conditions of the grant award. The remaining conditional portion of this grant award of \$265,000 is expected to be received during FY 2024. The funding will be recognized as revenue when the scholarships have been awarded meeting the conditions of the grant.

Total conditional funding as of June 30, 2023 amounted to \$2,354,885 which is expected to be received and expended by FY 2026.

NOTE 14 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Foundation’s financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year or because the governing board has set aside the funds for a specific contingency reserve or a long-term investments.

BROOKLINE COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

(With Summarized Comparative Information for 2022)

(Continued)

NOTE 14 (Continued)

	<u>2023</u>	<u>2022</u>
Financial Assets:		
Cash	\$ 292,887	\$ 771,578
Pledges Receivable	156,000	203,160
Investments	<u>8,528,666</u>	<u>8,354,696</u>
Total Financial Assets Available to Meet		
General Expenditures Within One Year	8,977,553	9,329,434
Less Amounts Not Available to be Used Within One Year:		
Board Designated Grant-Making and Operating Reserves	(696,818)	(777,245)
Pledges Receivable, Non-Current	(115,500)	(145,160)
Endowment Investments	(3,807,579)	(3,331,933)
Beneficial Interest in a Perpetual Trust	<u>(107,053)</u>	<u>(106,574)</u>
Financial Assets Available to Meet		
General Expenditures Within One Year	<u>\$ 4,250,603</u>	<u>\$ 4,968,522</u>

The Foundation's cash flow has seasonal variations during the year attributable to contributions received in late spring and calendar year end. To manage liquidity, the Foundation reviews its cash position on a daily basis to ensure that adequate funds are on hand to meet expenses. In addition, the investment portfolio is comprised of securities and mutual funds with daily redemption terms under normal market conditions.

In addition to these funds available for general expenditures, The Foundation's Board of Trustees approved charging an administrative fee of 1.5% annually, applied quarterly based generally on the funds' balance which is a generally accepted practice of community foundations for the administrative, granting and investment support of holding such funds.

NOTE 15 SUBSEQUENT EVENTS

Management is required to consider events subsequent to the financial statement date for potential adjustment to or disclosure in the financial statements. Therefore, Management has evaluated subsequent events through October 5, 2023, the date which the financial statements were available for issue, and noted no events which met the recognition or disclosure criteria.