

**Martha's Vineyard Community
Foundation, Inc.**

Financial Statements &
Independent Auditor's Report
December 31, 2024 and 2023

Martha's Vineyard Community Foundation, Inc.
Financial Statements
December 31, 2024 and 2023

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Independent Auditor's Report

To the Board of Directors of
Martha's Vineyard Community Foundation, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Martha's Vineyard Community Foundation, Inc., (a nonprofit Foundation), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

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

Basis for Opinion

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

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, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 Martha's Vineyard 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 Martha's Vineyard 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2025, on our consideration of Martha's Vineyard Community Foundation, 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 Martha's Vineyard Community Foundation, 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 Martha's Vineyard Community Foundation, Inc.'s internal control over financial reporting and compliance.

Grassi & Co., CPAs, P.C.

Grassi & Co., CPAs, P.C.

Chelmsford, MA

November 11, 2025

Martha's Vineyard Community Foundation, Inc.
Statements of Financial Position
December 31, 2024 and 2023

	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 135,999	\$ 286,400
Investments - non-endowed	2,283,437	891,665
Accounts receivable	551	113,372
Prepaid expenses	4,554	4,019
Total current assets	<u>2,424,541</u>	<u>1,295,456</u>
Long-term assets		
Property and equipment - net	22,509	19,422
Assets under operating leases - long-term	60,267	72,603
Cash held for endowment	131,923	175,954
Endowment investments	13,630,744	13,537,392
Total long-term assets	<u>13,845,443</u>	<u>13,805,371</u>
Total assets	<u>\$ 16,269,984</u>	<u>\$ 15,100,827</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 46,779	\$ 149,633
Grants and scholarships payable	142,718	42,016
Accrued wages	6,865	5,769
Liabilities under operating leases - current	21,409	17,821
Total current liabilities	<u>217,771</u>	<u>215,239</u>
Long-term liabilities		
Liabilities under operating leases - long-term	42,135	55,601
Agency endowment liability	112,937	300,842
Total long-term liabilities	<u>155,072</u>	<u>356,443</u>
Total liabilities	<u>372,843</u>	<u>571,682</u>
Net assets		
Without donor restrictions		
Undesignated	1,159,764	603,615
Invested in property and equipment - net	22,509	19,422
Designated for operating reserves	100,000	100,000
Designated for endowment	6,702,212	6,204,550
Total without donor restrictions	<u>7,984,485</u>	<u>6,927,587</u>
With donor restrictions		
Perpetual in nature	670,395	670,395
Purpose restrictions	7,242,261	6,931,163
Total with donor restrictions	<u>7,912,656</u>	<u>7,601,558</u>
Total net assets	<u>15,897,141</u>	<u>14,529,145</u>
Total net assets and liabilities	<u>\$ 16,269,984</u>	<u>\$ 15,100,827</u>

The accompanying notes and auditor's report are an integral part of these financial statements.

Martha's Vineyard Community Foundation, Inc.
Statements of Activities
For the Years Ended December 31, 2024 and 2023

	Without Donor Restrictions	With Donor Restrictions	Total 2024	Without Donor Restrictions	With Donor Restrictions	Total 2023
Support and revenue						
Contributions, grants and gifts	\$ 1,637,896	\$ 196,421	\$ 1,834,317	\$ 864,826	\$ 242,049	\$ 1,106,875
Government grants	-	676,358	676,358	-	1,349,892	1,349,892
Investment return	699,328	809,162	1,508,490	715,047	1,042,310	1,757,357
Other income	196,041	-	196,041	4,240	-	4,240
Net assets released from restrictions	1,370,843	(1,370,843)	-	2,022,913	(2,022,913)	-
Total support and revenue	3,904,108	311,098	4,215,206	3,607,026	611,338	4,218,364
Expenses						
Program expenses	2,259,380	-	2,259,380	2,726,773	-	2,726,773
Management and general	538,786	-	538,786	533,144	-	533,144
Fundraising and development	49,044	-	49,044	24,121	-	24,121
Total expenses	2,847,210	-	2,847,210	3,284,038	-	3,284,038
Change in net assets	1,056,898	311,098	1,367,996	322,988	611,338	934,326
Net assets at beginning of year	6,927,587	7,601,558	14,529,145	6,604,599	6,990,220	13,594,819
Net assets at end of year	\$ 7,984,485	\$ 7,912,656	\$ 15,897,141	\$ 6,927,587	\$ 7,601,558	\$ 14,529,145

The accompanying notes and auditor's report are an integral part of these financial statements.

Martha's Vineyard Community Foundation, Inc.
Statements of Functional Expenses
For the Years Ended December 31, 2024 and 2023

	Program	Management & General	Fundraising	Total 2024
Grants	\$ 1,582,008	\$ -	\$ -	\$ 1,582,008
Scholarships	391,700	-	-	391,700
Project costs	201,465	-	-	201,465
Wages and related	-	326,990	-	326,990
Professional fees	84,207	89,585	-	173,792
Depreciation and amortization	-	10,033	-	10,033
Occupancy costs	-	28,417	-	28,417
Office expenses	-	76,026	-	76,026
Insurance	-	7,735	-	7,735
Fundraising and development expenses	-	-	49,044	49,044
Total expenses	<u>\$ 2,259,380</u>	<u>\$ 538,786</u>	<u>\$ 49,044</u>	<u>\$ 2,847,210</u>

	Program	Management & General	Fundraising	Total 2023
Grants	\$ 1,909,860	\$ -	\$ -	\$ 1,909,860
Scholarships	336,450	-	-	336,450
Project costs	390,463	-	-	390,463
Wages and related	-	380,643	-	380,643
Professional fees	90,000	71,642	-	161,642
Depreciation and amortization	-	3,471	-	3,471
Occupancy costs	-	24,858	-	24,858
Office expenses	-	44,508	-	44,508
Insurance	-	8,022	-	8,022
Fundraising and development expenses	-	-	24,121	24,121
Total expenses	<u>\$ 2,726,773</u>	<u>\$ 533,144</u>	<u>\$ 24,121</u>	<u>\$ 3,284,038</u>

Martha's Vineyard Community Foundation, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Change in net assets	\$ 1,367,996	\$ 934,325
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	10,033	3,471
Gain on investments non-endowed	(546,149)	402,350
Contributions restricted to endowment	(899,732)	(317,086)
Amortization of lease assets	12,336	18,213
Change in agency endowment liability	(187,905)	65,940
Net return on endowment investments	(613,060)	(1,873,909)
Changes in assets and liabilities		
Decrease (increase) in accounts receivable	112,821	(12,770)
Increase in prepaid expenses	(535)	(1,694)
(Decrease) increase in accounts payable and accrued expenses	(101,758)	39,814
Increase (decrease) in grants payable	100,702	(88,015)
Payments on lease liabilities	(9,878)	(17,394)
Net cash provided (used) by operating activities	<u>(755,129)</u>	<u>(846,755)</u>
Cash flows from investing activities		
Purchase of property and equipment	(13,120)	(3,500)
Purchase of investments	(5,557,509)	(3,422,587)
Proceeds from sale of investments	4,711,886	3,800,386
Withdrawal from endowment - net	1,419,440	468,726
Net cash (used) provided by investing activities	<u>560,697</u>	<u>843,025</u>
Net decrease in cash and cash equivalents	(194,432)	(3,730)
Cash and cash equivalents beginning of year	462,354	466,084
Total cash and cash equivalents end of year	267,922	462,354
Less cash held for endowment	131,923	175,954
Cash and cash equivalents end of year - net	<u>\$ 135,999</u>	<u>\$ 286,400</u>
Supplemental cash flow information:		
In-kind contributions	<u>\$ 88,932</u>	<u>\$ 79,936</u>

Martha's Vineyard Community Foundation, Inc.
Financial Statements
December 31, 2024 and 2023

NOTE 1 –THE ORGANIZATION

Martha's Vineyard Community Foundation, Inc. (the "Foundation") is a not-for-profit organization established in 1982 as a community foundation located on the island of Martha's Vineyard, Massachusetts. It operates with the responsibility to provide funds to organizations and agencies with the intent of providing benefit to the residents of the communities of Martha's Vineyard. The Foundation's Board of Directors awards grants to public and non-profit organizations that serve Martha's Vineyard as well as scholarships to Vineyard students based on a set of written guidelines.

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). In accordance with GAAP, the Foundation reports net assets, revenues, expenses, gains, and losses classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations and those subject to the Foundation's variance power and spending policy are classified as without donor restrictions.

From time to time, 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 or for a specific purpose, as it sees fit. These board-designated net assets may become undesignated with the passage of time or when used for their intended purpose. In addition, the board may undesignate these net assets at its discretion if the originally intended time period or purpose is deemed no longer relevant or applicable to the needs of the Foundation.

Net Assets With Donor Restrictions

Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time are classified as net assets with donor restrictions. When a restriction expires, 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.

Also included in this category are net assets subject to donor restrictions to be maintained in perpetuity as permanent assets of the Foundation. Generally, all income and unrealized and realized net gains on investments related to these net assets can be made available for operations as the Foundation appropriates its annual spending based on the use of a spending policy or in accordance with donor restrictions.

Martha's Vineyard Community Foundation, Inc.
Financial Statements
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 or endowment. Cash, time deposits, certificates of deposit, and other highly liquid financial instruments restricted to endowments that are perpetual in nature or other long-term purposes are excluded from this definition.

Fair Value Measurements

The Foundation follows ASC 820-10, "*Fair Value Measurements*." ASC 820-10 applies to reported balances that are required or permitted to be measured at fair value on a recurring basis under an existing accounting pronouncement. ASC 820-10 emphasizes that 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 consisting 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 markets and 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 unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

FASB 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 in the standard. Management has determined that the fair values of its financial instruments not carried at fair value, including cash and cash equivalents, prepaid expenses, accounts payable, grants payable, and accrued expenses are substantially equivalent to their carrying values as of December 31, 2024 and 2023 because of their relatively short-term nature.

Martha's Vineyard Community Foundation, Inc.
Financial Statements
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

The Board of Directors of the Foundation is responsible for adoption and implementation of prudent investment policies, engagement of investment managers, and oversight and coordination of investment performance of third-party fiduciaries. Payout policies and guidelines on funds administered by the Foundation are determined by the Finance Committee and approved by the Board of Directors. The Foundation invests its assets in a manner designed to achieve a total rate of return sufficient to replace the assets spent for grants and expenses and recoup any value lost due to inflation. To minimize risk, the Foundation diversifies its investments among various financial instruments and asset categories and uses multiple investment strategies and managers.

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statements of financial position and are included in level 1 of the fair value hierarchy. Fair value is based on market value in the case of marketable securities. The market value of publicly traded securities is based upon quoted prices from principal exchanges on which the securities are traded. Investment return (including realized and unrealized gains and losses on investments, interest and dividends, and investment management fees) is included in the current year change in net assets. Realized and unrealized investment gains and losses are determined by comparison of the difference between market values and average cost. Dividend and interest income is recognized when earned.

Alternative investments include non-marketable securities such as limited partnerships, private equity, hedge funds, and real estate investment trusts which are valued using current estimates of fair value obtained from investment managers or general partners in the absence of readily determinable public market values. Such valuations generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of the investments held. Because of the inherent uncertainty in valuing these investments, the estimate of the investment manager or general partner may differ from the values that would have been used had a ready market existed, and the differences could be significant. The agreements underlying participation in non-marketable investment funds may limit the Foundation's ability to liquidate its interest in such investments. Foundation management is responsible for the measurements of alternative investments reported in the fair value hierarchy as level 3. During the year ended December 31, 2020, the Foundation entered into a commitment in the amount of \$250,000 in a real estate investment trust and a second commitment of \$200,000 in Private Equity Partners VIII. In 2021, the Foundation entered into a commitment to fund \$200,000 in Private Equity Partners IX. In 2022, the Foundation entered into commitments of \$200,000 and \$500,000 in Private Equity Partners 10A and GOLUB, respectively. In 2023, the Foundation committed to an investment of \$200,000 in Private Equity Partners 11. In 2024, the Foundation committed to an investment of \$150,000 in Private Equity Partners 12. As of December 31, 2024 and 2023, \$1,268,158 and \$1,139,500 had been funded, respectively. The GOLUB investment was redeemed in full during 2024.

Martha's Vineyard Community Foundation, Inc.
Financial Statements
December 31, 2024 and 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unconditional Promises to Give

Contributions are recognized when the donor makes a promise (pledge) to give to the Foundation that is, in substance, unconditional. Promises to give due next year are recorded at their net realizable value. Promises to give due in subsequent years are reported at the present value of their net realizable value using a risk-free interest rate of 5% applicable to the years in which the promises are to be received, net of an allowance for uncollectible amounts. In subsequent periods, amortization of the discount is included in contribution revenue in the statements of activities. The allowance for uncollectable promises 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. There were no uncollected promises to give as of December 31, 2024 and 2023.

Property and Equipment

The Foundation capitalizes expenditures for property and equipment in excess of \$1,000. Property and equipment is 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 renewals 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 the estimated useful lives of the assets as follows:

	<u>Years</u>
Leasehold improvements	10
Furniture and equipment	3-7
Website development	3

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.

Martha's Vineyard Community Foundation, Inc.
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

The Foundation follows Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-02, "Leases," which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements using a right-of-use model (ROU). Under this standard, leases are classified as either finance or operating, with classification affecting the recognition of expenses in the statements of activities.

Pursuant to this standard, a non-cash asset in the amount of \$60,267 and \$72,603 was recorded for the years ended December 31, 2024 and 2023, respectively, representing the net present value of future required payments. In addition, a corresponding non-cash operating lease liability was recorded in the amount of \$63,544 and \$73,422 for the years ended December 31, 2024 and 2023, respectively. The Foundation exercised the option under ASU 2016-02 to adopt a policy of expensing payments on operating leases with lease terms of less than twelve months.

Revenue Recognition

Program service fees consist of event sponsorships and are recognized when services are performed. Program service fees billed or collected in advance are recorded as deferred revenue until the services are performed. As of December 31, 2024 and 2023, there were no program service fees collected or billed in advance.

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, 2024 and 2023.

Contributions are recognized when cash, securities, or other assets, or an unconditional pledge or 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 their estimated net present value, net of an allowance for uncollectable amounts. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets by fulfillment of the donor-stipulated purpose or by the passage of the stipulated time period are reported as net assets released from restrictions in the statements of activities.

Martha's Vineyard Community Foundation, Inc.
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-Kind Contributions

Donated goods and services are recorded as contributions at their estimated fair value on 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 or time.

From time to time, the Foundation receives donated services from unpaid volunteers who assist in various activities. No amounts have been recognized in the financial statements because the criteria for recognition have not been met.

Functional Allocation of Expenses

The cost of providing the Foundation's various programs and supporting services have been summarized on a functional basis in the statements of functional expenses. The statement of functional expenses is 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 or support service are allocated directly. Based on management's estimates, certain costs have been allocated among major classes of program services and supporting activities. Other unallocable costs, general and administrative, and fundraising costs are allocated to management and general or fundraising, as appropriate.

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 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.

Concentrations of Credit Risk

The Foundation places its cash and investments with a high-quality financial institution. Such deposits are generally covered by Federal Deposit Insurance Corporation (FDIC) insurance and by state level insurance for balances in excess of FDIC limits. The finance committee routinely assesses the financial strength of the institution in order to minimize risk.

Investments are exposed to various risks such as market and credit risks. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, 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.

Income Taxes and Uncertain Tax Positions

The Foundation, recognized as a tax-exempt entity under Chapter 180 of the Massachusetts General Laws, has been granted tax-exempt status under Internal Revenue Code (IRC) Section 501(c)(3) and is classified as a public charity as defined by section 509(a) of the IRC. Therefore, it is generally exempt from federal and state income taxes. Accordingly, no provision for income taxes has been provided for in the accompanying financial statements.

Martha's Vineyard Community Foundation, Inc.
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December 31, 2024 and 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes and Uncertain Tax Positions (continued)

The Foundation is required by ASC 740-10, "Accounting for Uncertainty in Income Taxes," to evaluate and disclose tax positions that could have an effect on the Foundation's financial statements. 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 2021. Substantially all of the Foundation's income, expenditures, and activities relate to its exempt purpose. Therefore, management has determined that the Foundation is not subject to unrelated business income taxes and will continue to qualify as a tax-exempt not-for-profit entity.

NOTE 3 – LIQUIDITY

Financial assets available within one year for general expenditure were as follows for the years ending December 31st:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 135,999	\$ 286,400
Investments – non-endowed	2,283,437	891,665
Accounts receivable	551	113,372
Endowment spending policy appropriations	517,200	499,300
	<u>\$2,937,187</u>	<u>\$1,790,737</u>

To manage liquidity, the Foundation's board strives to maintain a minimum of 4 months of operating reserves to meet current liquidity needs and to address shortfalls in cash flow. The operating reserves are maintained in investment accounts with asset allocations consistent with the investment policy. Operating reserves in the amount of \$100,000 as of December 31, 2024 and 2023 have been Board designated and are not accessible to management for operations without approval by the board. Unrestricted contributions and excess cash on hand not required for current obligations may be added to investments held for operating reserves to either replenish amounts expended or to increase available resources.

In addition, the Foundation had \$2,004,708 and \$1,962,700 in board designated funds functioning as endowment (quasi-endowment) as of December 31, 2024 and 2023, respectively. The annual distribution from the quasi-endowment follows the spending policy as approved by the Board. Although the Board currently has no intention of doing so, the operating reserve and quasi-endowment funds can be made available for general expenditure with Board approval.

The Foundation maintains its general ledger accounts in accordance with the principles of fund accounting. Under this method of accounting, resources for various purposes are classified into funds that are in accordance with activities or objectives specified by donors. Separate accounts are maintained for each fund. The Foundation charges each fund an annual administrative fee of 0.75-2.0% depending on the type and size of the fund, consistent with the Foundation's Fee Policy. The administrative fee serves as support for current

Martha's Vineyard Community Foundation, Inc.
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December 31, 2024 and 2023

NOTE 3 – LIQUIDITY

operations. In addition, the amount for annual distributions is typically based on a spending policy amount, which is calculated as a percentage of the average market value of the fund for the twenty prior quarters. Historically, the spending policy has been 2.5-5.5% of this average value. The Board sets the actual spending rate following a recommendation by the Finance Committee. If upon the establishment of a fund, a donor elects to establish a nonpermanent fund, distributions may be made from principal and income. Grants are generally subject to Board oversight and approval. The Foundation controls operating expenditures through use of a budget that is overseen by the Board.

NOTE 4 – INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The Foundation uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures (see Note 2). The following table presents the Foundation's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of:

		Quoted prices in active markets for identical assets	Significant other observable inputs	Significant unobservable inputs
December 31, 2024	Total	Level 1	Level 2	Level 3
Cash equivalents	\$ 1,304,321	\$ 1,304,321	\$ -	\$ -
Equity securities				
Basic materials	16,402	16,402	-	-
Consumer goods	47,021	47,021	-	-
Financial	208,075	208,075	-	-
Healthcare	108,690	108,690	-	-
Industrial goods	101,569	101,569	-	-
Services	93,170	93,170	-	-
Technology	497,294	497,294	-	-
Real estate	-	-	-	-
Equity Funds				
Foreign	4,633,006	4,633,006	-	-
Large cap	3,952,937	3,952,937	-	-
Small cap	661,775	661,775	-	-
Fixed income funds				
High yield	420,809	420,809	-	-
Short-term	-	-	-	-
Intermediate-term	3,064,721	3,064,721	-	-
Alternative investments				
Real estate partners	242,917	-	-	242,917
Private equity partners	561,474	-	-	561,474
Total	\$ 15,914,181	\$ 15,109,790	\$ -	\$ 804,391

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NOTE 4 – INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS
(continued)

December 31, 2023	Total	Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
Cash equivalents	\$ 698,479	\$ 698,479	\$ -	\$ -
Equity securities				
Basic materials	24,397	24,397	-	-
Consumer goods	59,811	59,811	-	-
Financial	158,193	158,193	-	-
Healthcare	232,463	232,463	-	-
Industrial goods	93,494	93,494	-	-
Services	64,726	64,726	-	-
Technology	555,070	555,070	-	-
Real estate	42,744	42,744	-	-
Equity Funds				
Foreign	4,644,185	4,644,185	-	-
Large cap	3,052,741	3,052,741	-	-
Small cap	1,059,749	1,059,749	-	-
Fixed income funds				
High yield	417,572	417,572	-	-
Short-term	774,856	774,856	-	-
Intermediate-term	1,407,971	1,407,971	-	-
Alternative investments				
Real estate partners	231,172	-	-	231,172
Private equity partners	911,434	-	-	911,434
Total	\$ 14,429,057	\$ 13,286,451	\$ -	\$ 1,142,606

Investment activity for level 3 investments was as follows for the year ended December 31st :

	2024	2023
Beginning balance	\$ 1,142,606	\$ 784,553
Capital calls	128,691	405,422
Fees and distributions	(536,502)	(55,159)
Investment return	69,596	7,790
Ending balance	\$ 804,391	\$ 1,142,606

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NOTE 5 – INVESTMENT RETURN

Investment return consisted of the following for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Interest and dividends	\$ 411,521	\$ 340,955
Realized gain	613,956	(54,132)
Unrealized gain	545,253	1,525,692
Investment management fees	<u>(62,240)</u>	<u>(55,158)</u>
Total investment return	<u>\$ 1,508,490</u>	<u>\$ 1,757,357</u>

Investment custodial fees of \$62,240 and \$55,158 for the years ended December 31, 2024 and 2023, respectively, were paid directly to the investment managers and are included in investment return. There were additional investment fees that were not paid directly to the manager but rather are netted from the return on certain investments.

NOTE 6 – PROPERTY AND EQUIPMENT

Property and Equipment is composed of the following as of December 31st:

	<u>2024</u>	<u>2023</u>
Leasehold improvements	\$ 23,249	\$ 23,249
Website	23,620	27,379
Furniture and equipment	<u>10,557</u>	<u>10,557</u>
Total property and equipment	57,426	61,185
Less accumulated depreciation	<u>34,917</u>	<u>41,763</u>
Property and equipment - net	<u>\$ 22,509</u>	<u>\$ 19,422</u>

Depreciation and amortization expense was \$10,033 and \$3,471 for years ended December 31, 2024 and 2023, respectively.

NOTE 7 - NET ASSETS

Net assets consisted of the following at December 31st, respectively:

	<u>2024</u>		
	Without donor restrictions	With donor restrictions	Total
Other undesignated funds	\$ 146,922	\$ -	\$ 146,922
Non-endowed funds	1,012,842	852,201	1,865,043
Designated operating reserves	100,000	-	100,000
Invested in property and equipment	22,509	-	22,509
Accounts receivable	-	-	-
Endowment funds	<u>6,702,212</u>	<u>7,060,454</u>	<u>13,762,666</u>
Total net assets	<u>\$ 7,984,485</u>	<u>\$ 7,912,655</u>	<u>\$15,897,140</u>

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NOTE 7 - NET ASSETS (continued)

	2023		
	Without donor restrictions	With donor restrictions	Total
Other undesignated funds	\$ 72,506	\$ -	\$ 72,506
Non-endowed funds	531,109	-	531,109
Designated operating reserves	100,000	-	100,000
Invested in property and equipment	19,422	-	19,422
Accounts receivable	-	113,372	113,372
Endowment funds	6,204,550	7,488,186	13,692,736
Total net assets	<u>\$ 6,927,587</u>	<u>\$ 7,601,558</u>	<u>\$14,529,145</u>

The endowment component of net assets without donor restrictions is comprised of amounts designated by the Board to function as endowment, which amounted to \$2,004,708 and \$1,962,700 as of December 31, 2024 and 2023, respectively, and other donor created endowments that are subject to both the Foundation's variance power and spending policy. Non-endowed funds classified as without donor restrictions are those funds subject to the Foundation's variance power.

As of December 31, 2024 and 2023, net assets with donor restrictions included net assets of \$670,395 consisting of 5 individual endowment funds which must be held by the Foundation in perpetuity. Earnings on perpetual endowment funds with purpose restrictions consist of funds restricted for a variety of uses on Martha's Vineyard, Massachusetts which meet the charitable needs of the community.

In addition, there were net assets with restrictions consisting of temporarily restricted contributions and earnings on perpetual endowment funds subject to time restrictions under the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as adopted by the Commonwealth of Massachusetts as follows:

	2024	2023
Earnings on perpetual endowment		
Without purpose restrictions	\$ -	\$ -
With purpose restrictions	124,023	93,981
Subtotal	<u>124,023</u>	<u>93,981</u>
Other funds temporarily restricted for purpose	7,118,237	6,837,182
Other funds temporarily restricted for time	-	-
Total temporarily restricted net assets	<u>\$ 7,242,260</u>	<u>\$ 6,931,163</u>

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time and other events specified by the donors were \$1,370,843 and \$2,022,913 for the years ended December 31, 2024 and 2023, respectively.

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NOTE 8 – ENDOWMENT FUNDS

The Foundation's endowment consists of 42 individual funds established for a variety of purposes. Its endowment funds consist of both donor restricted funds and funds established by the Board of Directors to function as endowments. The Board of Directors of the Foundation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as perpetual endowment (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 as other net assets with donor restrictions until those amounts are 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 role that each investment or course of action plays within the overall investment portfolio of the fund
- (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 special value, if any, to the charitable purposes of the Foundation
- (9) The duration and preservation of the fund
- (10) The investment policy of the Foundation.

From time to time, 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 as a fund of perpetual duration. These deficiencies can result from unfavorable market fluctuations that occur in newer endowment funds, shortly after the investment of new permanently restricted contributions and when there was continued appropriation for certain programs that were deemed prudent by the Board of Directors. There were no deficiencies of this nature as of December 31, 2024 and 2023.

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 those assets of donor-restricted funds that the Foundation must hold in perpetuity for

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NOTE 8 – ENDOWMENT FUNDS (continued)

a donor-specified period(s) as well as Board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the Consumer Price Index while assuming a moderate level of investment risk. The foundation expects its endowment funds, over time, to provide an average rate of return of 5% or more over the rate of inflation, defined as the Consumer Price Index, as measured over a five-year period. 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 has a spending policy of appropriating for distribution each year from 2.5 to 5.5 percent, net of investment management fees, of its endowment fund's average fair value. 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 include a variance power provision which gives the Board of Directors 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. Net asset composition by endowment fund type was as of:

	Without Donor Restrictions	With Donor Restrictions	Total
December 31, 2024			
Donor created endowments	\$ 4,697,504	\$ 7,060,454	\$11,757,958
Board created endowments	2,004,708	-	2,004,708
Total	\$ 6,702,212	\$ 7,060,454	\$13,762,666
	Without Donor Restrictions	With Donor Restrictions	Total
December 31, 2023			
Donor created endowments	\$ 4,241,850	\$ 7,508,796	\$11,750,646
Board created endowments	1,962,700	-	1,962,700
Total	\$ 6,204,550	\$ 7,508,796	\$13,713,346

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NOTE 8 – ENDOWMENT FUNDS (continued)

Changes in endowment net assets for the year ended December 31, 2024 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$6,204,550	\$7,508,796	\$13,713,346
Investment return:			
Investment income	142,676	17,238	159,914
Appreciation/depreciation	548,022	65,038	613,060
Total investment return	690,698	82,276	772,974
Contributions	895,532	4,200	899,732
Appropriation of assets for expenditure	(1,008,295)	(450,387)	(1,458,682)
Other changes	(80,273)	(84,431)	(164,704)
Endowment net assets, end of year	\$6,702,212	\$7,060,454	\$13,762,666

Changes in endowment net assets for the year ended December 31, 2023 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$4,971,979	\$6,859,291	\$11,831,270
Investment return:			
Investment income	88,069	110,066	198,135
Appreciation/depreciation	743,530	932,244	1,675,774
Total investment return	831,599	1,042,310	1,873,909
Contributions	285,172	31,914	317,086
Appropriation of assets for expenditure	(477,335)	(424,719)	(902,054)
Other changes	593,135	-	593,135
Endowment net assets, end of year	\$6,204,550	\$7,508,796	\$13,713,346

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NOTE 9 – AGENCY ENDOWMENT FUNDS

Agency endowment arises when a transfer is received from a not-for-profit organization that specifies itself as beneficiary. GAAP requires that the transfers received by a community foundation be accounted for as a liability as the transaction is deemed to be reciprocal. The agency endowment funds held by the Foundation as of December 31, 2024 and 2023 were \$112,937 and \$300,842, respectively.

NOTE 10 – OPERATING LEASE

The Foundation has an operating lease to occupy office space in West Tisbury, MA expiring October 31, 2024. This lease provided for monthly rental payments of \$1,693 and was renewed for an additional three-year period through October 31, 2027 for monthly rental payments of \$2,000. Rent expense for the years ended December 31, 2024 and 2023 was \$23,391 and \$21,139, respectively, and is included in occupancy costs in the statements of functional expenses.

In accordance with GAAP, the Foundation recorded net operating lease assets of \$60,267 and \$72,603 and lease liabilities of \$63,544 and \$73,422 as of December 31, 2024 and 2023, respectively. The Foundation used a weighted average discount rate of 5% with a weighted average lease term of 2.83 years. Future minimum required payments under the lease for the years ending December 31st are:

2025	\$ 24,000
2026	24,000
2027	<u>20,000</u>
Total undiscounted cash flows	68,000
Less present value discount	<u>4,456</u>
Total lease liability	63,544
Current portion	<u>21,409</u>
Long-term portion	<u>\$ 42,135</u>

NOTE 11 – SUBSEQUENT EVENTS

ASC 855-10, "*Subsequent Events*," defines further disclosure requirements for events that occur after the statement of financial position date, but before financial statements are issued. In accordance with ASC 855-10, management has evaluated events subsequent to December 31, 2024 through November 11, 2025, which is the date the financial statements were available to be issued. There were no material events noted during this period that would impact the results reflected in this report.

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 Directors of
Martha's Vineyard Community Foundation, 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 Martha's Vineyard Community Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, 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 November 11, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Martha's Vineyard Community Foundation, 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 Martha's Vineyard Community Foundation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Martha's Vineyard Community Foundation, 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Martha's Vineyard Community Foundation, 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.

Grassi & Co., CPAs, P.C.

Grassi & Co., CPAs, P.C.
Chelmsford, MA
November 11, 2025