

**COMMUNITY FOUNDATION FOR NANTUCKET, INC.**

**FINANCIAL STATEMENTS**

**For the Years Ended December 31, 2010 and 2009**

**COMMUNITY FOUNDATION FOR NANTUCKET, INC.**

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# *Burke & Lamb, P.C.*

Certified Public Accountants

## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

We have reviewed the accompanying statement of financial position of Community Foundation for Nantucket, Inc. (a Massachusetts nonprofit corporation) as of December 31, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

*Burke & Lamb, P.C.*

Burke & Lamb, P.C.  
Certified Public Accountants  
New Bedford, Massachusetts  
May 6, 2011

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**COMMUNITY FOUNDATION FOR NANTUCKET, INC.**

**STATEMENT OF FINANCIAL POSITION**

**December 31, 2010 and 2009**

**ASSETS**

	<u>2010</u>	<u>2009</u>
Cash and cash equivalents	\$197,845	\$142,700
Investments	382,477	165,209
Contributions receivable	82,500	83,476
Prepaid expenses	2,018	1,998
Total current assets	<u>664,840</u>	<u>393,383</u>
 Contributions receivable, long term	 <u>85,250</u>	 <u>133,592</u>
 Total Assets	 <u><u>\$750,090</u></u>	 <u><u>\$526,975</u></u>

**LIABILITIES AND NET ASSETS**

Accounts payable	<u>\$3,683</u>	<u>\$4,917</u>
Total current liabilities	<u>3,683</u>	<u>4,917</u>
 Net assets		
Unrestricted		
Designated donor advised funds	307,894	207,537
Other	438,513	314,521
Total unrestricted net assets	<u>746,407</u>	<u>522,058</u>
 Total Liabilities and Net Assets	 <u><u>\$750,090</u></u>	 <u><u>\$526,975</u></u>

See Accompanying Notes and Independent Accountants' Review Report

**COMMUNITY FOUNDATION FOR NANTUCKET, INC.**

**STATEMENT OF ACTIVITIES**

**For the Years Ended December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
Unrestricted Revenues & Gain:		
Contributions	\$451,595	\$360,140
Dividends and interest	7,866	4,910
Realized/Unrealized gain on investments	24,058	11,026
Administrative fee income	5,186	2,665
Other income	2,376	2,801
Total unrestricted revenues and gains	<u>491,081</u>	<u>381,542</u>
Expenses:		
Program services:		
Grants and distributions	89,884	93,645
Other program expenses	73,625	43,083
Total program services	<u>163,509</u>	<u>136,728</u>
Supporting services:		
General and administrative	57,148	62,510
Development and fundraising	46,075	44,926
Total supporting services	<u>103,223</u>	<u>107,436</u>
Total expenses	<u>266,732</u>	<u>244,164</u>
Change in unrestricted net assets	224,349	137,378
Net assets, beginning of year	<u>522,058</u>	<u>384,680</u>
Net assets, end of year	<u>\$746,407</u>	<u>\$522,058</u>

See Accompanying Notes and Independent Accountants' Review Report

COMMUNITY FOUNDATION FOR NANTUCKET, INC.

STATEMENT OF CASH FLOWS

For the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Change in unrestricted net assets	\$224,349	\$137,378
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized/Unrealized gain on investments	(24,058)	(11,026)
Changes in assets and liabilities:		
Contributions receivable	49,318	65
Prepaid expenses	(20)	291
Accounts payable	(1,234)	2,397
Net cash provided by operating activities	<u>248,355</u>	<u>129,105</u>
Cash flows from investing activities:		
Purchase of investments	(444,753)	(183,330)
Proceeds from sale of investments	251,543	48,562
Net cash used in investing activities	<u>(193,210)</u>	<u>(134,768)</u>
Net increase (decrease) in cash and cash equivalents	55,145	(5,663)
Cash and cash equivalents, beginning of year	<u>142,700</u>	<u>148,363</u>
Cash and cash equivalents, end of year	<u><u>\$197,845</u></u>	<u><u>\$142,700</u></u>

See Accompanying Notes and Independent Accountants' Review Report

**COMMUNITY FOUNDATION FOR NANTUCKET, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2010 and 2009**

**NOTE A – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES:**

Nature of Organization:

The Community Foundation for Nantucket, Inc. (the Foundation) is a not-for-profit corporation established under the laws of the Commonwealth of Massachusetts. The Foundation is a community foundation established for the receipt and distribution of charitable funds primarily for the Nantucket, MA community.

Basis of Accounting:

The financial statements of the Foundation have been prepared utilizing the accrual basis of accounting.

Basis of Presentation:

Financial statement presentation follows the recommendations of the FASB ASC 958 formerly SFAS No. 117, Financial Statements for Not-for-Profit Organizations. Under FASB ASC 958, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Accounting standards provide that if the governing body of an organization has the ability to remove a donor restriction, the contributions should be classified as unrestricted net assets. Accordingly, the financial statements classify all net assets as unrestricted.

Use of Estimates:

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

Cash Equivalents:

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

**COMMUNITY FOUNDATION FOR NANTUCKET, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2010 and 2009**

**NOTE A - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

Investments:

Investments in marketable securities with readily determinable fair values are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Income Tax Status:

The Foundation is qualified under Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization. Consequently, no provision for income taxes is reflected in these financial statements.

Advertising:

The Foundation expenses advertising costs as incurred. Advertising costs were \$38,965 and \$48,258 for the years ended December 31, 2010 and 2009, respectively.

Promises to Give:

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Reclassifications:

Certain amounts in the 2009 financial statements have been reclassified to conform to the 2010 presentation.



**COMMUNITY FOUNDATION FOR NANTUCKET, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2010 and 2009**

**NOTE B – INVESTMENTS:**

The Foundation reports its investment in marketable securities at fair value in accordance with FASB ASC 820-10 (formerly SFAS No. 157), Fair Value Measurements.

Cost and market values are as follows:

	December 31, 2010		December 31, 2009	
	Cost	Fair Value	Cost	Fair Value
Mutual funds	\$354,836	\$382,477	\$154,977	\$165,209
	<u>\$354,836</u>	<u>\$382,477</u>	<u>\$154,977</u>	<u>\$165,209</u>

This statement requires fair value measurements be classified and disclosed in one of the following categories:

Level 1: Financial instruments with unadjusted, quoted prices listed on active market exchanges.

Level 2: Financial instruments lacking unadjusted, quoted prices from active market exchanges, including over-the-counter traded financial instruments. The prices for the financial instruments are determined using prices for recently traded financial instruments with similar underlying terms as well as directly or indirectly observable inputs, such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3: Financial instruments that are not actively traded on a market exchange. This category includes situations where there is little, if any, market activity for the financial instrument. The prices are determined using significant observable inputs or valuation techniques.

**COMMUNITY FOUNDATION FOR NANTUCKET, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2010 and 2009**

**NOTE B – INVESTMENTS (CONTINUED):**

Table Disclosing the Fair Values of Foundation Assets by Category

Asset Category	Fair Value Measurements at December 31, 2010			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity securities:				
Equity mutual funds	\$182,839	\$182,839	\$0	\$0
Fixed income securities:				
Fixed income mutual funds	196,729	196,729	0	0
Hybrid Securities:				
Allocation funds	2,909	2,909		
	<u>\$382,477</u>	<u>\$382,477</u>	<u>\$0</u>	<u>\$0</u>

Table Disclosing the Fair Values of Foundation Assets by Category

Asset Category	Fair Value Measurements at December 31, 2009			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity securities:				
Equity mutual funds	\$80,274	\$80,274	\$0	\$0
Fixed income securities:				
Fixed income mutual funds	84,935	84,935	0	0
	<u>\$165,209</u>	<u>\$165,209</u>	<u>\$0</u>	<u>\$0</u>

The foundation paid management and custody fees directly to the investment managers of \$958 and \$356 for the years ended December 31, 2010 and 2009, respectively.

**COMMUNITY FOUNDATION FOR NANTUCKET, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2010 and 2009**

**NOTE C – CONCENTRATION OF CREDIT RISK:**

The Foundation maintains their cash accounts and certificate of deposit at a local bank. At times throughout the year the amount or deposit may exceed federally insured limits. The Foundation has not experienced any losses in such accounts.

**NOTE D – GRANTS APPROVED/PAID:**

	2010		Unpaid
	Approved	Paid	Balance @ 12/31/2010
Arts and Humanities	\$2,815	\$2,815	\$0
Social Services	38,917	38,917	0
Philanthropy and Community	28,950	28,950	0
Conservation and Preservation	5,460	5,460	0
Education	8,427	8,427	0
Recreation	5,315	5,315	0
	<u>\$89,884</u>	<u>\$89,884</u>	<u>\$0</u>

	2009		Unpaid
	Approved	Paid	Balance @ 12/31/2009
Arts and Humanities	\$36,600	\$36,600	\$0
Philanthropy and Community	25,300	25,300	0
Conservation and Preservation	27,720	27,720	0
Social Services	4,025	4,025	0
	<u>\$93,645</u>	<u>\$93,645</u>	<u>\$0</u>

**NOTE E – PROMISES TO GIVE:**

Included in "Contributions Receivable" are the following unconditional promises to give:

	2010	2009
Contributions pledged	\$173,300	\$230,026
Unamortized discount	(5,550)	(12,958)
	<u>\$167,750</u>	<u>\$217,068</u>
Amounts due in:		
Less than one year	\$82,500	\$83,476
One to five years	85,250	133,592
	<u>\$167,750</u>	<u>\$217,068</u>

**COMMUNITY FOUNDATION FOR NANTUCKET, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2010 and 2009**

**NOTE E – PROMISE TO GIVE (CONTINUED):**

The interest rate used for calculating the discount was 2.02% and 2.69%, as of December 31, 2010 and 2009, respectively.

Management believes the contributions pledged will be collected in full and therefore, there is no allowance for uncollectible pledges.

**NOTE F – MAJOR DONORS:**

Contributions from four donors comprised 55% of contribution revenue in 2010 and contributions from one donor comprised 21% of contributions revenue in 2009. At December 31, 2010 three donors represented 69% of gross contributions receivable and a donor represented 65% of gross contributions receivable at December 31, 2009.

**NOTE G – LEASE:**

The Foundation leased its office space on a month to month basis at \$291 per month through February 2010, beginning in March 2010 the rent was \$800 per month on new office space. Rent expense for 2010 and 2009 was \$9,782 and \$3,492, respectively.

**NOTE H – IN KIND CONTRIBUTIONS:**

The Foundation does not record any support, revenue or expense from services contributed by non-professional volunteers. If any support, revenue or expenses were recorded it would be determined based on the difference between any amount paid to an individual and the comparable compensation that would be paid to an individual if they were to occupy these paid positions.

The Foundation received the following in kind contributions during 2010 which have been included in income in the financial statements.

	<u>2010</u>
Rent	\$4,800
Accounting services	800
Supplies	127
Website Domain	100
	<u>\$5,827</u>

**COMMUNITY FOUNDATION FOR NANTUCKET, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2010 and 2009**

**NOTE I – SUBSEQUENT EVENTS:**

Management has evaluated subsequent events through May 6, 2011, the date which the financial statements were available to be issued. No such events requiring disclosure subsequent to year end were noted as of May 6, 2011.

**NOTE J – MANAGEMENT CONSULTING AGREEMENT:**

The Foundation is under a contractual agreement with Greater Horizons, for Greater Horizons to provide management consulting services to the Foundation. The agreement, dated December 29, 2008, commenced on January 1, 2009 and continued through December 31, 2009. The fee for such services was \$30,000, plus an administrative fee equal to 0.15% of the fair value of assets transferred by the foundation to Greater Horizons. The agreement was extended through 2010 at an annual fee of \$20,000.

Greater Horizons is administered by the Greater Kansas City Community Foundation and is a 501(c)(3) organization. The Foundation has chosen to allocate certain investments using Greater Horizon's investment pools.