

**Community Foundation for
MetroWest, Inc.**

Financial Statements
&
Independent Auditor's Report

December 31, 2025 and 2024

Community Foundation for MetroWest, Inc.
Financial Statements
December 31, 2025 and 2024

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Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of Community Foundation for MetroWest, Inc. (a nonprofit Foundation), which comprise the statement of financial position as of December 31, 2025, 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 referenced to above present fairly, in all material respects, the financial position of Community Foundation for MetroWest, Inc. as of December 31, 2025, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Community Foundation for MetroWest, 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.

Prior Period Financial Statements

The financial statements of Community Foundation for MetroWest, Inc. as of December 31, 2024 were audited by Anstiss & Co., P.C., who merged with Grassi & Co., CPAs, P.C. as of January 1, 2025, and whose report dated April 29, 2025 expressed an unmodified opinion on those statements.

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 Community Foundation for MetroWest, 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 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 we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Community Foundation for MetroWest, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Foundation for MetroWest, 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.

Grassi & Co., CPAs, P.C.

Grassi & Co., P.C.

Chelmsford, MA

May 21, 2026

Community Foundation for MetroWest, Inc.
Statements of Financial Position
December 31, 2025 and 2024

	2025	2024
Current Assets		
Cash and cash equivalents	\$ 1,031,105	\$ 1,417,252
Operating investments	16,337,277	12,188,829
Grants receivable	-	18,617
Prepaid expenses and other current assets	29,436	32,528
Total current assets	17,397,818	13,657,226
Long-term assets		
Deposits	3,575	3,575
Property and equipment - net	2,326	9,551
Operating lease asset	386,155	437,402
Endowment promises to give	107,639	207,639
Endowment investments	20,542,597	18,597,779
Total long-term assets	21,042,292	19,255,946
Total assets	\$ 38,440,110	\$ 32,913,172
Current liabilities		
Accounts payable and accrued expenses	\$ 15,646	\$ 4,789
Grants payable	157,250	73,867
Operating lease liability - current	50,338	48,247
Total current liabilities	223,234	126,903
Long-term liabilities		
Operating lease liability - long-term	346,567	396,905
Agency endowment funds	1,467,471	1,204,878
Total long-term liabilities	1,814,038	1,601,783
Total liabilities	2,037,272	1,728,686
Net assets		
Without donor restrictions		
Undesignated	13,595,216	10,822,685
Designated for operating reserves	850,000	850,000
Designated for endowment	15,832,819	14,414,126
Total net assets without donor restrictions	30,278,035	26,086,811
With donor restrictions		
Perpetual in nature	2,151,019	2,059,785
Purpose restrictions	3,866,145	2,830,251
Time restrictions	107,639	207,639
Total net assets with donor restrictions	6,124,803	5,097,675
Total net assets	36,402,838	31,184,486
Total liabilities and net assets	\$ 38,440,110	\$ 32,913,172

See the accompanying notes to these financial statements.

Community Foundation for MetroWest, Inc.
Statements of Activities
For the Years Ended December 31, 2025 and 2024

	Without Donor Restrictions	With Donor Restrictions	Total 2025	Without Donor Restrictions	With Donor Restrictions	Total 2024
Support and revenue						
Contributions, grants and gifts	\$ 6,112,322	\$ 876,874	\$ 6,989,196	\$ 6,537,518	\$ 449,714	\$ 6,987,232
Government grants	-	-	-	246,939	-	246,939
Investment return	3,491,457	734,990	4,226,447	1,959,127	463,732	2,422,859
Program fees	15,072	-	15,072	13,607	-	13,607
Special events	492,306	-	492,306	424,779	-	424,779
Net assets released from restriction	584,736	(584,736)	-	356,068	(356,068)	-
Total support and revenue	10,695,893	1,027,128	11,723,021	9,538,038	557,378	10,095,416
Expenses						
Grantmaking and other program expenses	5,062,780	-	5,062,780	4,256,499	-	4,256,499
Management and general	745,666	-	745,666	639,633	-	639,633
Fundraising and development	696,223	-	696,223	667,981	-	667,981
Total Expenses	6,504,669	-	6,504,669	5,564,113	-	5,564,113
Change in net assets	4,191,224	1,027,128	5,218,352	3,973,925	557,378	4,531,303
Net assets at beginning of year	26,086,811	5,097,675	31,184,486	22,112,886	4,540,297	26,653,183
Net assets at end of year	\$ 30,278,035	\$ 6,124,803	\$ 36,402,838	\$ 26,086,811	\$ 5,097,675	\$ 31,184,486

See the accompanying notes to these financial statements.

Community Foundation for MetroWest, Inc.
Statements of Functional Expenses
For the Years Ended December 31, 2025 and 2024

	Program	General & Administrative	Fundraising	Total for 2025
Grants	\$ 4,095,835	\$ -	\$ -	\$ 4,095,835
Program support	324,549	-	-	324,549
Salaries and related	599,906	388,393	415,764	1,404,063
Consulting services	-	-	95,610	95,610
Professional fees	-	63,202	-	63,202
Occupancy	31,412	20,419	21,850	73,681
Repairs and maintenance	-	5,879	-	5,879
Office supplies and expenses	11,078	84,489	7,704	103,271
Cost of direct benefits to donors	-	-	25,101	25,101
Fundraising and development expenses	-	-	100,080	100,080
Depreciation	-	7,225	-	7,225
Information technology	-	76,059	30,114	106,173
Bad debt	-	100,000	-	100,000
Total expenses	<u>\$ 5,062,780</u>	<u>\$ 745,666</u>	<u>\$ 696,223</u>	<u>\$ 6,504,669</u>

	Program	General & Administrative	Fundraising	Total for 2024
Grants	\$ 3,406,462	\$ -	\$ -	\$ 3,406,462
Program support	204,675	-	-	204,675
Salaries and related	603,830	340,425	406,066	1,350,321
Consulting services	-	-	57,108	57,108
Professional fees	-	51,503	-	51,503
Occupancy	30,877	17,416	20,707	69,000
Repairs and maintenance	-	4,731	-	4,731
Office supplies and expenses	10,655	37,002	7,147	54,804
Cost of direct benefits to donors	-	-	22,538	22,538
Fundraising and development expenses	-	-	126,207	126,207
Depreciation	-	9,343	-	9,343
Information technology	-	79,213	28,208	107,421
Bad debt	-	100,000	-	100,000
Total expenses	<u>\$ 4,256,499</u>	<u>\$ 639,633</u>	<u>\$ 667,981</u>	<u>\$ 5,564,113</u>

See the accompanying notes to these financial statements.

Community Foundation for MetroWest, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

	2025	2024
Cash flows from operating activities		
Change in net assets	\$ 5,218,352	\$ 4,531,303
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	7,225	9,343
Change in allowance for doubtful accounts	100,000	100,000
Amortization of operating lease assets	51,247	49,244
Amortization of discount on promises to give	-	(28,142)
Realized and unrealized gain on operating investments	(1,417,080)	(426,398)
Contributions restricted to endowment	230,522	331,600
Change in agency endowment liability	281,062	97,632
Realized and unrealized gain on endowment investments	(1,946,698)	(1,164,824)
Changes in assets and liabilities		
Decrease in unconditional promises to give	18,617	38,798
Decrease (increase) in prepaid expenses and other current assets	3,092	(3,571)
Increase in accounts payable and accrued expenses	10,857	1,032
Increase in grants payable	83,383	37,613
Payments on operating leases	(48,247)	(46,244)
Net cash provided by operating activities	2,592,332	3,527,386
Cash flows from investing activities		
Purchase of operating investments	(7,029,545)	(7,308,935)
Proceeds from the sale of operating investments	4,298,177	4,657,912
Disbursements from agency endowment funds	(18,469)	(11,923)
Additions to endowment	1,880	197,573
Net cash used by investing activities	(2,747,957)	(2,465,373)
Cash flows from financing activities		
Collections of contributions restricted to endowment	(230,522)	(331,600)
Net cash used by financing activities	(230,522)	(331,600)
Net change in cash and cash equivalents	(386,147)	730,413
Cash and cash equivalents at beginning of year	1,417,252	686,839
Cash and cash equivalents at end of year	\$ 1,031,105	\$ 1,417,252
Supplemental information		
In-kind contributions	\$ 1,387,223	\$ 3,433,032

See the accompanying notes to these financial statements.

Community Foundation for MetroWest, Inc.
Financial Statements
December 31, 2025 and 2024

NOTE 1 –THE ORGANIZATION

Community Foundation for MetroWest, Inc. (the “Foundation”) is a not-for-profit corporation established in March 1995. The Foundation was established to strengthen the sense of community through a comprehensive grant making program, help donors maximize the impact of their Foundation giving, increase the level and spirit of philanthropy in the region by building a permanent endowment and, where appropriate, address community issues and opportunities on a regional basis to enhance the quality of life for respective citizens.

The Foundation accomplishes its goals by offering capacity-building programs, strategic education services, and community forums on philanthropy that help people understand the needs of the region and how best to address them. The Foundation also offers services to financial advisors – working with them as they advise clients on philanthropic planning and investments. The following is a general description of the Foundation’s major programs:

Donor Services

The Foundation manages philanthropic initiatives for donors and nonprofits while reducing administrative challenges and providing greater tax advantages. The Foundation’s expertise is valuable not only for those who know where they want to give, but also for the many residents who want to give back to their communities but may not have the time or inclination to identify pressing regional needs that address personal giving goals.

Grant-making

The Community Foundation provides funding to a wide range of nonprofit organizations each year through grant programs and other investment opportunities. The Foundation continually identifies community challenges and opportunities for investment across our region, by listening, researching, and utilizing data. We also partner with corporations, donors, and fundholders, as well as other foundations to collectively respond to pressing needs or unique initiatives that will enhance life for all in MetroWest. Our grant priorities include: Human Relief, Arts & Culture, Youth Development, Environment, Education, Workforce Development, and Housing.

Youth in Philanthropy

Youth in Philanthropy (YIP) is an experiential leadership development program designed to empower and educate local youth to become our community’s next generation of philanthropists – those who give their time, talent, and treasure for the common good. The Foundation offers YIP programs across the region for middle school and high school students who live or learn in the MetroWest region.

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NOTE 1 –THE ORGANIZATION (continued)

The Foundation’s service area includes the Massachusetts cities and towns of Acton, Ashland, Boxborough, Carlisle, Concord, Dedham, Dover, Framingham, Harvard, Holliston, Hopkinton, Hudson, Lexington, Lincoln, Marlborough, Maynard, Medfield, Medway, Milford, Millis, Natick, Needham, Sherborn, Southborough, Stow, Sudbury, Walpole, Waltham, Wayland, Wellesley, Westborough, Weston, and Westwood.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The Foundation reports information regarding its financial position and activities in two classes of net assets based on the existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations are classified as without donor restrictions. 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 un-designate 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.

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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. 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

GAAP defines fair value measurements applied to reported balances that are required or permitted to be measured at fair value on a recurring basis under an existing accounting pronouncement. Under GAAP, fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy 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.

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. Community Foundation for MetroWest, Inc. has not adopted any of the additional fair value options allowed in the standard. The carrying amounts for cash and cash equivalents, employee receivables, unconditional promises to give, prepaid expenses and other assets, accounts payable and accrued expenses, and grants payable approximate fair value due to their short-term nature.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

The Foundation's Investment Committee 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 Investment Committee and approved by the Board of Trustees. The Foundation invests its assets in a manner that will 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.

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheet. 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 income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) 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 cost basis. Dividend and interest income is recognized when earned.

Alternative investments include non-marketable securities such as 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. Because of the inherent uncertainty in valuing alternative 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 for a period of time.

As of December 31, 2025 and 2024, the Foundation had no alternative investments and does not foresee owning any, although allowed under their investment policy. Should the Foundation anticipate receiving or purchasing alternative investments, the investment committee will endeavor to develop and implement policies surrounding their valuation.

Community Foundation for MetroWest, Inc.
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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-adjusted interest rate of 3-5% applicable to the years in which the promises are to be received. In subsequent years, amortization of the discount rate 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.

Property and Equipment

Additions of property and equipment exceeding \$5,000 are stated at cost if purchased or constructed, or at fair market value at the date of the gift if donated. Major additions and betterments are charged to property and equipment, while maintenance and repairs that do not improve or extend the lives of the respective assets are expensed in the year incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

	<u>Years</u>
Furniture and fixtures	7
Office equipment	5
Software	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.

Leases

ASU 2016-02, "Leases," requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The standard establishes a right-of-use model (ROU) that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for all leases. The Foundation has exercised the option under ASU 2016-02, to adopt a policy of expensing payments on operating leases with lease terms of twelve months or less. Under this standard, leases are classified as either finance or operating, with classification affecting the recognition of expenses in the statement of activities.

Community Foundation for MetroWest, Inc.
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Ticket sales for workshops are recognized at the time of admission. The Foundation records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place. Amounts billed or collected in advance are recorded as deferred revenue until the workshops or events are held. As of December 31, 2025 and 2024, there was no deferred revenue.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Gifts of assets other than cash are recorded at their estimated fair value on the date of the gift. Pledges receivable are stated at the estimated net present value, net of an allowance of uncollectable amounts. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

In-Kind Contributions

Donated goods, services, and fixed asset are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire fixed assets are reported as restricted contributions. The Foundation reports expiration of donor restrictions when the donated or acquired assets are placed in service.

A substantial number of volunteers have donated significant amounts of their time in various organizational and fundraising activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed professional services are recorded at the respective fair values of the services received.

Functional Allocation of Expenses

The cost of providing the Foundation's various programs and supporting services has 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 and support services are allocated directly. Based on management's estimates, certain costs have been allocated among major classes of program services and supporting activities. Salaries and wages, fringe benefits, and payroll taxes are allocated based on estimates of time and effort. Other expenses that are not directly allocable but are common to several functions are allocated based on personnel allocations. Unallocated costs are charged to management and general or fundraising as appropriate.

Community Foundation for MetroWest, Inc.
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

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

Income Taxes and Uncertain Tax Positions

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

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 2023. 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.

Community Foundation for MetroWest, Inc.
Financial Statements
December 31, 2025 and 2024

NOTE 3 – LIQUIDITY AND AVAILABILITY

Financial assets available within one year for general expenditure such as operating expenses and distributions in accordance with the Foundation’s spending policy were as follows for the years ending December 31st:

	2025	2024
Cash and cash equivalents	\$ 62,058	\$ 8,848
Operating investments	16,337,277	12,188,829
Unconditional promises to give	-	18,617
Spending policy appropriations	821,704	743,911
Total financial assets available	\$ 17,221,039	\$ 12,960,205

To manage liquidity, the Foundation has designated the larger of \$850,000 or six months of operating expenses to be held in liquid short-term bond funds as operating reserves. These reserves are not accessible to management for operations without Board approval. In periods when there is excess cash on hand not required for current obligations, the surplus will be added to investments held for operating reserves to either replenish amounts expended or increase available resources. In addition, the Foundation holds a number of funds designated as operating endowment funds. These funds are held in investment accounts with asset allocations consistent with the investment policy and include accumulated returns on these investments. The annual distributions from the operating endowments are set at 4% of the average value of the funds as calculated on 20 trailing quarters. The annual distributions may be used for current operations. Although the Board currently has no intention of doing so, these designated funds can be made available for general expenditure with Board approval. The Foundation also maintains a line of credit to cover shortfalls in revenue. The line of credit is accessible to management to meet current cash flow needs with approval from the Board.

Community Foundation for MetroWest, Inc.
Financial Statements
December 31, 2025 and 2024

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 tables present the Foundation's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2025 and 2024:

	2025			
	Total	Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
Cash equivalents	\$ 2,784,537	\$ 2,784,537	\$ -	\$ -
Equity securities				
Communication services	1,165,562	1,165,562	-	-
Consumer goods	1,493,524	1,493,524	-	-
Financial	1,937,361	1,937,361	-	-
Healthcare	1,284,620	1,284,620	-	-
Industrial goods	1,464,651	1,464,651	-	-
Basic materials	307,572	307,572	-	-
Technology	3,150,140	3,150,140	-	-
Energy	375,279	375,279	-	-
Real estate	141,115	141,115	-	-
Utilities	231,607	231,607	-	-
Equity funds				
Large blend	4,063,113	4,063,113	-	-
Small blend	1,239,982	1,239,982	-	-
Commodities broad basket	951,241	951,241	-	-
Emerging market	619,626	619,626	-	-
International	3,264,463	3,264,463	-	-
Equities hedged	755,761	755,761	-	-
Fixed income funds				
High yield	1,217,599	1,217,599	-	-
Multi-sector	4,820,758	4,820,758	-	-
Short-term	-	-	-	-
Intermediate	4,950,523	4,950,523	-	-
Emerging markets	660,840	660,840	-	-
Total	\$ 36,879,874	\$ 36,879,874	\$ -	\$ -

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

	2024			
	Total	Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
Cash equivalents	\$ 2,052,395	\$ 2,052,395	\$ -	\$ -
Equity securities				
Communication services	686,165	686,165	-	-
Consumer goods	1,419,768	1,419,768	-	-
Financial	1,599,549	1,599,549	-	-
Healthcare	1,182,574	1,182,574	-	-
Industrial goods	1,295,960	1,295,960	-	-
Basic materials	346,708	346,708	-	-
Technology	2,777,066	2,777,066	-	-
Energy	358,000	358,000	-	-
Real estate	124,671	124,671	-	-
Utilities	203,556	203,556	-	-
Equity funds				
Large blend	3,316,978	3,316,978	-	-
Small blend	1,048,071	1,048,071	-	-
Commodities broad basket	879,560	879,560	-	-
Emerging market	167,552	167,552	-	-
International	2,657,146	2,657,146	-	-
Equities hedged	850,789	850,789	-	-
Fixed income funds				
High yield	1,009,591	1,009,591	-	-
Inflation protected	3,970,486	3,970,486	-	-
Short-term	-	-	-	-
Intermediate	4,254,195	4,254,195	-	-
International real estate	585,828	585,828	-	-
Total	\$ 30,786,608	\$ 30,786,608	\$ -	\$ -

Investments in exchange traded funds (ETFs) are reported at fair market value (FMV) as quoted in active markets as of December 31, 2025 and 2024. The FMV of these ETFs is expected to approximate net asset value (NAV) but may differ significantly. Sale of these ETFs would be at the FMV quoted in active markets as of the date of sale. There are no unfunded commitments, redemption or other selling restrictions associated with these investments.

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NOTE 5 – INVESTMENT RETURN

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

	2025	2024
Interest and dividends	\$ 1,006,336	\$ 952,979
Realized gain	1,683,101	616,261
Unrealized gain	1,680,677	974,961
Investment custodial fees	(143,667)	(121,342)
	\$ 4,226,447	\$ 2,422,859

Investment return is shown net of investment management and custody fees paid directly to the investment managers in the amount of \$143,667 and \$121,342 for the years ended December 31, 2025 and 2024, respectively. There were additional investment fees that were not paid directly to the managers but rather are netted from the return on certain investments.

NOTE 6 - ENDOWMENT PROMISES TO GIVE AND GRANTS RECEIVABLE

Endowment promises to give and grants receivable consisted of the following as of December 31st:

	2025	2024
Due within one year	\$ 406,667	\$ 295,282
Due in two to five years	260,000	390,000
Gross pledges	666,667	685,282
Unamortized discounts	(59,026)	(59,026)
Allowance for doubtful account	(500,000)	(400,000)
Receivables - net	\$ 107,641	\$ 226,256

At December 31, 2025 and 2024, 98% and 95% of unconditional promises to give was due from one contributor.

NOTE 7 – PROPERTY AND EQUIPMENT

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

	2025	2024
Office equipment	\$ 98,739	\$ 98,739
Furniture and fixtures	14,234	14,234
Website and software	24,000	24,000
Total property and equipment	136,973	136,973
Less accumulated depreciation	(134,647)	(127,422)
Property and equipment - net	\$ 2,326	\$ 9,551

Depreciation expense was \$7,225 and \$9,343 for the years ended December 31, 2025 and 2024, respectively.

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NOTE 8 – AGENCY ENDOWMENT FUNDS

Agency endowment arises when a transfer is received from a not-for-profit organization that specifies itself as the beneficiary. ASC 958-605, “*Revenue Recognition*,” requires that such transfers received by a community foundation be accounted for as a liability, as the transaction is deemed to be reciprocal. Agency endowments held by the Foundation as of December 31, 2025 and 2024 were \$1,467,471 and \$1,204,878, respectively.

NOTE 9 - NET ASSETS

Net assets consisted of the following at December 31, 2025 and 2024, respectively:

	2025			2024		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Operating funds	\$ 445,701	\$ 1,307,386	\$ 1,753,087	\$ 1,003,519	\$ 706,383	\$ 1,709,902
Designated operating reserve	850,000	-	850,000	850,000	-	850,000
Non-endowed funds subject to variance power	13,147,189	-	13,147,189	9,809,615	-	9,809,615
Invested in fixed assets	2,326	-	2,326	9,551	-	9,551
Pledges receivable	-	107,639	107,639	-	207,639	207,639
Endowment funds	15,832,819	4,709,778	20,542,597	14,414,126	4,183,653	18,597,779
Total net assets	<u>\$30,278,035</u>	<u>\$ 6,124,803</u>	<u>\$36,402,838</u>	<u>\$26,086,811</u>	<u>\$ 5,097,675</u>	<u>\$31,184,486</u>

The endowment component of net assets without donor restrictions is comprised of amounts designated by the Board to function as endowment and other donor created endowments that are subject to both the Foundation’s variance power and spending policy.

As of December 31, 2025 and 2024, net assets with donor restrictions included \$2,151,019 and \$2,059,785, respectively, consisting of ten 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 within and outside the Foundation’s service area which meet the charitable needs of the community.

In addition, there were net assets with donor 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:

	2025	2024
Cumulative earnings on perpetual endowment funds		
Without purpose restrictions	\$ 133,504	\$ 62,014
With purpose restrictions	488,230	331,846
Subtotal	<u>621,734</u>	<u>393,860</u>
Other funds temporarily restricted for purpose	3,244,411	2,436,391
Other funds temporarily restricted for time	107,639	207,639
Total	<u>\$ 3,973,784</u>	<u>\$ 3,037,890</u>

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NOTE 9 - NET ASSETS (continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2025 and 2024:

	2025	2024
Net assets used for their intended purpose	\$ 484,736	\$ 285,577
Expiration of time restrictions	100,000	70,491
Total net assets released from restrictions	\$ 584,736	\$ 356,068

NOTE 10 – ENDOWMENT FUNDS

The Foundation consists of 197 individual funds established for a variety of purposes, 65 of which make up the Foundation’s endowment. Its endowment contains both donor created funds and funds established by the Board of Trustees to function as endowments.

Under the UPMIFA, the Board of Trustees has discretion to determine appropriate expenditure of donor-restricted endowment funds in accordance with specific guidelines about what constitutes prudent spending. UPMIFA permits the Foundation to appropriate for expenditure or accumulate so much of an endowment fund as the Foundation determines to be prudent for the uses, benefits, purposes, and duration for which the endowment is established. Although UPMIFA offers short-term spending flexibility, the explicit consideration of the preservation of the funds suggests that a donor-restricted endowment fund is perpetual in nature. Although the Foundation is permitted to continue a prudent payout even if the market value of the fund is below historic principal value, there is an expectation that over time, the perpetually restricted amount will remain intact.

The Foundation Board’s interpretation of UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date has resulted in the classification of net assets with donor restrictions that are perpetual in nature as (a) the original value of gifts donated to the perpetual endowment, (b) the original value of the subsequent gifts donated to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in with the perpetual endowment is classified with 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:

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NOTE 10 – ENDOWMENT FUNDS (continued)

- (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

At times, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain 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, or when there was continued appropriation for certain programs that were deemed prudent by the Board of Trustees. There were no such deficiencies as of December 31, 2025. As of December 31, 2024 there were deficiencies of \$3,267 on funds with original principal values of \$433,150 and fair market values of \$429,883.

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 a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield 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 approximately 5% as measured over a three to five-year period. Actual returns in any given year may vary from this amount.

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NOTE 10 – ENDOWMENT FUNDS (continued)

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Foundation has a spending policy of annually appropriating for distribution 4% of its endowment fund’s average fair value net of investment management fees. 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 Trustees the power to modify any restriction or condition placed on gifts, if in its sole judgment, the Board determines that the restriction becomes, in effect, incapable of fulfillment or is inconsistent with the charitable needs of the community.

Net asset composition by endowment fund type was as of December 31st:

	2025		
	Without donor restrictions	With donor restrictions	Total
Donor created endowments	\$ 15,832,819	\$ 4,709,778	\$ 20,542,597
Board created endowments	-	-	-
Total	\$ 15,832,819	\$ 4,709,778	\$ 20,542,597
	2024		
	Without donor restrictions	With donor restrictions	Total
Donor created endowments	\$ 14,414,126	\$ 4,183,653	\$ 18,597,779
Board created endowments	-	-	-
Total	\$ 14,414,126	\$ 4,183,653	\$ 18,597,779

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NOTE 10 – ENDOWMENT FUNDS (continued)

Changes in endowment net assets for the year ended December 31, 2025 were as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	\$ 14,414,126	\$4,183,653	\$18,597,779
Investment return:			
Investment income	705,127	210,124	915,251
Appreciation/depreciation	1,317,032	392,875	1,709,907
Total investment return	<u>2,022,159</u>	<u>602,999</u>	<u>2,625,158</u>
Contributions	130,195	100,327	230,522
Appropriation of assets for expenditure	(805,520)	(177,201)	(982,720)
Other changes	<u>71,858</u>	<u>-</u>	<u>71,858</u>
Endowment net assets, end of year	<u>\$ 15,832,818</u>	<u>\$ 4,709,778</u>	<u>\$ 20,542,597</u>

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	\$ 13,682,584	\$3,947,944	\$17,630,528
Investment return:			
Investment income	584,882	174,356	759,238
Appreciation/depreciation	700,691	210,618	911,309
Total investment return	<u>1,285,573</u>	<u>384,974</u>	<u>1,670,547</u>
Contributions	301,600	30,000	331,600
Appropriation of assets for expenditure	(669,744)	(179,265)	(849,009)
Other changes	<u>(185,887)</u>	<u>-</u>	<u>(185,887)</u>
Endowment net assets, end of year	<u>\$ 14,414,126</u>	<u>\$ 4,183,653</u>	<u>\$ 18,597,779</u>

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NOTE 11 – EMPLOYEE BENEFIT PLANS

The Foundation sponsors a 401(k) Plan with an employer contribution rate of 3% for all eligible employees. Pension expense for years ending December 31, 2025 and 2024 was \$32,146 and \$27,978, respectively.

The Foundation maintains a premium pretax salary reduction plan available to all employees. The plan is intended to qualify as a cafeteria plan under Section 125 of the Internal Revenue Code and the benefits provided under the plan are excluded from Federal income tax. The Foundation is not required to make any contributions to the plan. The benefit offered is health insurance.

NOTE 12 – CONCENTRATIONS OF CREDIT RISK

The Foundation places its cash and cash equivalents with high quality financial institutions. Such deposits are covered by Federal Deposit Insurance Corporation (FDIC) insurance and by state level insurance for balances in excess of FDIC limits. Investments are primarily managed by one institution. Management routinely assesses the financial strength of these institutions 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 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.

NOTE 13 – LEASES

The Foundation occupies office space in South Natick, MA under a five-year operating lease expiring May 31, 2027 with an option to extend for an additional five years which the Foundation is more likely than not to exercise. In 2025, the lease required monthly payments of \$5,500 for 10 months of the year and increased to \$7,480 for the last 2 months of the year. Rent expense for years ended December 31, 2025 and 2024 was \$73,681 and \$69,000, respectively.

In accordance with GAAP, the Foundation recorded operating leases liabilities of \$396,905 and \$445,152 based on the present value of the remaining minimum rental payments for the years ended December 31, 2025 and 2024, respectively. A corresponding asset under operating leases was recorded in the amount of \$386,155 and \$437,402 for the years ended December 31, 2025 and 2024, respectively. The Foundation used a weighted average discount rate of 4.25% with a weighted average remaining lease term of 6.42 years.

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NOTE 13 – LEASES (continued)

Future minimum lease payments under noncancelable operating leases as of December 31st were:

2026	\$ 66,000
2027	69,500
2028	72,000
2029	72,000
2030	72,000
Thereafter	102,000
Total undiscounted cash flows	453,500
Less: present value discount	(56,595)
Total lease liabilities	396,905
Current portion	50,338
Long-term portion	\$ 346,567

NOTE 14 – LINE OF CREDIT

The Foundation maintains a \$100,000 revolving line of credit at Middlesex Savings Bank. The interest rate at December 31, 2025 and 2024 was 7.5% and 6.75%, respectively. The note is collateralized by substantially all of the Foundation’s assets and renews annually on January 5th. There were no amounts outstanding as of December 31, 2025 and 2024.

NOTE 15 – RELATED PARTIES

One of the Foundation’s Board members is an officer of a bank in which the Foundation holds its deposits and maintains a line of credit (Note 14).

NOTE 16 – SUBSEQUENT EVENTS

ASC 855-10, “*Subsequent Events*,” defines further disclosure requirements for events that occur after the statement of financial position date but before the financial statements are issued. In accordance with ASC 855-10, the Foundation’s management has evaluated events subsequent to December 31, 2025 through May 21, 2026, which is the date the financial statements were available to be issued. There were no material events noted during this period that would either impact the results reflected in this report or the Foundation’s results going forward.