# Greater Lowell Community Foundation, Inc.

Financial Statements &
Independent Auditor's Report

December 31, 2023 and 2022

**Greater Lowell Community Foundation, Inc.**
**Financial Statements**
**December 31, 2023 and 2022**

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## Independent Auditor's Report

To the Board Directors of
Greater Lowell Community Foundation, Inc.

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of Greater Lowell Community Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, 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 Greater Lowell Community Foundation, Inc. as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance 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 Greater Lowell Community Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 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 Greater Lowell 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.

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### *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 Greater Lowell 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 Greater Lowell 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.

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2024, on our consideration of Greater Lowell Community Foundation, Inc.' 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 Greater Lowell 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 Greater Lowell Community Foundation, Inc.'s internal control over financial reporting and compliance.

Anstiss & Co., P.C.

Anstiss & Co., P.C.
Chelmsford, MA
May 3, 2024

**Greater Lowell Community Foundation, Inc.**
**Statements of Financial Position**
**December 31, 2023 and 2022**

| | 2023 | 2022 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 2,973,838 | $ 2,665,176 |
| Investments at fair value | 14,405,491 | 12,413,421 |
| Pledges receivable | 87,847 | 301,680 |
| Accounts receivable - other | 397,131 | 243,514 |
| Prepaid expenses and other assets | 15,030 | 11,529 |
| Assets under operating leases | 133,686 | 165,419 |
| Fixed assets - net | 6,072 | 3,208 |
| Endowment investments | 43,853,359 | 37,658,984 |
| Total assets | $ 61,872,454 | $ 53,462,931 |
| **LIABILITIES AND NET ASSETS** | | |
| Liabilities | | |
| Accounts payable | $ 279,158 | $ 122,620 |
| Grants payable | 5,000 | 47,565 |
| Refundable advance | 626,956 | 335,000 |
| Accrued expenses | 67,416 | 47,483 |
| Liabilities under operating leases | 136,460 | 167,331 |
| Split-interest obligations | - | 1,897 |
| Fiscal agency liability | 309,834 | 288,882 |
| Agency endowment funds | 9,662,527 | 8,332,668 |
| Total liabilities | 11,087,351 | 9,343,446 |
| Net assets | | |
| Without donor restrictions | | |
| Undesignated | 6,172,801 | 5,455,385 |
| Invested in fixed assets | 6,072 | 3,208 |
| Designated for operating reserves | 811,387 | 948,280 |
| Designated for endowment | 37,695,736 | 32,228,938 |
| Total without donor restrictions | 44,685,996 | 38,635,811 |
| With donor restrictions | | |
| Perpetual in nature | 1,833,464 | 1,833,464 |
| Purpose restrictions | 4,177,796 | 3,348,530 |
| Time-restricted | 87,847 | 301,680 |
| Total with donor restrictions | 6,099,107 | 5,483,674 |
| Total net assets | 50,785,103 | 44,119,485 |
| Total liabilities and net assets | $ 61,872,454 | $ 53,462,931 |

See the accompanying notes to these financial statements.

**Greater Lowell Community Foundation, Inc.**
**Statements of Activities**
**For the Years Ended December 31, 2023 and 2022**

| | 2023 Without Donor Restrictions | 2023 With Donor Restrictions | 2023 Total | 2022 Without Donor Restrictions | 2022 With Donor Restrictions | 2022 Total |
|---|---|---|---|---|---|---|
| Support and revenue | | | | | | |
| Contributions, grants, and gifts | $ 4,031,891 | $ 101,018 | $ 4,132,909 | $ 5,133,985 | $ 684,185 | $ 5,818,170 |
| Government grants | - | 2,177,906 | 2,177,906 | - | 1,270,726 | 1,270,726 |
| COVID-19 contributions, grants, and gifts | - | - | - | - | 1,580 | 1,580 |
| Investment return | 6,078,587 | 953,395 | 7,031,982 | (6,668,381) | (293,350) | (6,961,731) |
| Other income | 115,268 | - | 115,268 | 145,411 | - | 145,411 |
| Net assets released from restrictions | 2,616,886 | (2,616,886) | - | 2,582,310 | (2,582,310) | - |
| Total support and revenue | 12,842,632 | 615,433 | 13,458,065 | 1,193,325 | (919,169) | 274,156 |
| Expenses | | | | | | |
| Program services | 6,150,290 | - | 6,150,290 | 4,799,833 | - | 4,799,833 |
| Management and general | 283,756 | - | 283,756 | 245,855 | - | 245,855 |
| Fundraising | 358,401 | - | 358,401 | 275,162 | - | 275,162 |
| Total expenses | 6,792,447 | - | 6,792,447 | 5,320,850 | - | 5,320,850 |
| Change in net assets | 6,050,185 | 615,433 | 6,665,618 | (4,127,525) | (919,169) | (5,046,694) |
| Net assets at beginning of year | 38,635,811 | 5,483,674 | 44,119,485 | 42,763,336 | 6,402,843 | 49,166,179 |
| Net assets at end of year | $ 44,685,996 | $ 6,099,107 | $ 50,785,103 | $ 38,635,811 | $ 5,483,674 | $ 44,119,485 |

See the accompanying notes to these financial statements.

**Greater Lowell Community Foundation, Inc.**
**Statements of Functional Expenses**
**For the Years Ended December 31, 2023 and 2022**

| | 2023 | | | | 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| | Program | Management & General | Fundraising | Total | Program | Management & General | Fundraising | Total |
| Grants | $ 4,802,951 | $ - | $ - | $ 4,802,951 | $ 3,230,613 | $ - | $ - | $ 3,230,613 |
| COVID-19 grants | - | - | - | - | 159,000 | - | - | 159,000 |
| Salaries and related | 585,220 | 194,079 | 289,740 | 1,069,039 | 425,426 | 141,204 | 210,237 | 776,867 |
| Project costs | 497,643 | 12,394 | 3,944 | 513,981 | 614,569 | 24,284 | 4,219 | 643,072 |
| Office supplies and expenses | 98,921 | 10,000 | 12,298 | 121,219 | 202,482 | 12,311 | 14,720 | 229,513 |
| Conferences | 70,218 | 8,930 | 10,148 | 89,296 | 46,045 | 23,397 | 7,124 | 76,566 |
| Occupancy | 40,304 | 12,928 | 22,813 | 76,045 | 34,814 | 11,166 | 19,705 | 65,685 |
| Project support | 44,632 | 5,020 | 808 | 50,460 | 66,418 | 7,545 | 2,147 | 76,110 |
| Other expenses | - | - | 13,805 | 13,805 | - | - | 12,121 | 12,121 |
| Legal and accounting | - | 40,047 | - | 40,047 | - | 25,583 | - | 25,583 |
| Insurance | 3,260 | 251 | 1,505 | 5,016 | 3,356 | 258 | 1,549 | 5,163 |
| Travel, Meals, and Lodging | 6,500 | - | 3,019 | 9,519 | 16,468 | - | 3,019 | 19,487 |
| Depreciation | 641 | 107 | 321 | 1,069 | 642 | 107 | 321 | 1,070 |
| Total expenses by function | $ 6,150,290 | $ 283,756 | $ 358,401 | $ 6,792,447 | $ 4,799,833 | $ 245,855 | $ 275,162 | $ 5,320,850 |

See the accompanying notes to these financial statements.

**Greater Lowell Community Foundation, Inc.**
**Statements of Cash Flows**
**For the Years Ended December 31, 2023 and 2022**

| | 2023 | 2022 |
|---|---|---|
| Reconciliation of change in net assets to net cash from operating activities | | |
| Change in net assets | $ 6,665,618 | $ (5,046,694) |
| Adjustments to reconcile changes in net assets to net cash from operating activities | | |
| Depreciation | 1,069 | 1,070 |
| Straight-line rent adjustment | 862 | (524) |
| Realized and unrealized gain on operating investments | (864,749) | (448,066) |
| Contributions restricted to endowment | (2,320,420) | (1,560,830) |
| Change in value of fiscal agency liability | 20,952 | (73,498) |
| Change in value of agency endowment liability | 1,492,973 | (1,605,399) |
| Endowment net investment return | (5,463,899) | 6,427,891 |
| Changes in operating assets and liabilities | | |
| (Increase) decrease in prepaid expenses and other assets | (3,501) | 1,437 |
| Decrease (increase) in pledges receivable | 213,833 | (286,764) |
| Increase in accounts receivable-other | (153,617) | (68,375) |
| Increase in accounts payable and accrued expenses | 176,471 | 96,021 |
| Decrease in grants payable | (42,565) | (60,465) |
| Increase in refundable advance | 291,956 | 335,000 |
| Net cash provided (used) by operating activities | 14,983 | (2,289,196) |
| Cash flows from investing activities | | |
| Purchase of operating investments | (16,474,834) | (11,534,395) |
| Proceeds from sale of operating investments | 15,347,513 | 10,423,734 |
| Purchases of property & equipment | (3,933) | - |
| Withdrawals from agency endowment funds-net | (163,114) | 634,236 |
| Withdrawals from endowment-net | 1,589,944 | 2,729,155 |
| Net cash provided by investing activities | 295,576 | 2,252,730 |
| Cash flows from financing activities | | |
| Payments to beneficiaries of split-interest agreements | (1,897) | - |
| Net cash provided by financing activities | (1,897) | - |
| Net change in cash and cash equivalents | 308,662 | (36,466) |
| Cash and cash equivalents at beginning of year | 2,665,176 | 2,701,642 |
| Cash and cash equivalents at end of year | $ 2,973,838 | $ 2,665,176 |
| Supplemental information: | | |
| In-kind contributions | $ 280,415 | $ 245,672 |

## NOTE 1 - ORGANIZATION

Greater Lowell Community Foundation, Inc. (the "Foundation") is a nonprofit organization established on May 23, 1997. The mission of the Foundation is to improve the quality of life in the Greater Lowell area by developing permanent charitable endowments and by providing leadership on key community issues, as well as by providing grants and technical assistance to nonprofit organizations. The Foundation is responsible for investing and distributing charitable funds in accordance with donor instructions. In 2019, the Greater Lowell Community Foundation was granted a five-year Accreditation and Recertification of Compliance with National Standards of U.S. Community Foundations.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Basis of Presentation***

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

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations 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, for a specific purpose, or to function as endowment, 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 undesignated 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.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

***Cash and Cash Equivalents***

For purposes of the statement of cash flows, cash equivalents include 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. As of December 31, 2023 and 2022, there was no cash held for use by other organizations for which the Foundation acts as fiscal agent.

***Fair Value Measurements***

The Foundation follows the provisions of 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.

ASC 825-10, "*Fair Value Measurements,*" 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, accounts receivable, prepaid expenses and other assets, and accounts payable and accrued expenses are substantially equivalent to their carrying values as of December 31, 2023 and 2022 because of their relatively short-term nature.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

***Investments***

The Foundation invests its assets in a manner intended 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. Significant investment decisions are made by the Board of Directors' Investment Committee, which has oversight responsibility for the Foundation's investment program. The Foundation's portfolio is managed by outside investment managers who invest according to the investment guidelines recommended by the Investment Committee and approved by the Board of Directors.

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. 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, and interest, and dividends net of investment management fees) is included in the current period change in net assets. Realized and unrealized investment gains and losses in total are determined by changes in market value. Interest and dividend income is recognized when earned.

Alternative investments include non-marketable securities such as hedge funds 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 as determined by fund managers 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 certain investments held. Because of the inherent uncertainty of valuation for 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 for a period of time. Foundation management is responsible for the fair measurements of investments reported in the financial statements.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

***Investments (continued)***

The Foundation has applied the accounting guidance in Accounting Standards Update No. 2009-12, "*Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent),*" which permits the use of net asset value (NAV), or its equivalent reported by each underlying alternative investment fund as a practical expedient to estimate the fair value of the investment. These investments are generally redeemable or may be liquidated at NAV under the original terms of the subscription agreements or operations of the underlying assets. However, it is possible that these redemption rights may be restricted by the funds in the future in accordance with the underlying fund agreements, as applicable. Changes in market conditions, the economic environment, or the funds' liquidity provisions may significantly impact the NAV of the funds, and consequently, the fair value of the Foundation's interest in such funds. Although certain investments may be sold in a secondary market, the secondary market is not active and individual transactions are not necessarily observable. It is therefore possible that if the Foundation were to sell its interest in a fund in the secondary market, the sale could occur at an amount materially different from the reported value. The Foundation has implemented policies and procedures to assess the reasonableness of the fair values provided. The Foundation believes that reported fair values of non-marketable securities at the statement of financial position dates are reasonable.

At December 31, 2023 and 2022, there was $309,834 and $288,882 of investments held for use by the organizations for which the Foundation acts as fiscal agent.

***Accounts Receivable - Other***

Revenue is accounted for at established rates on the accrual basis, less an allowance for contractual, charitable, and other arrangements for services provided at less than established rates. The Foundation does not accrue interest on accounts receivables. The Foundation records its trade receivables at the outstanding principal amount less an allowance for credit losses. As of December 31, 2023 and 2022, $113,438 and $128,411, respectively, of accounts receivable – other consisted of Community Investment Tax Credits receivable from the Commonwealth of Massachusetts.

***Pledges Receivable***

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 discount interest rate of 4.5% applicable to the years in which the promises are to be received.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

***Fixed Assets***

All fixed asset purchases of $2,500 or more are recorded at cost if purchased or constructed, or at fair market value at the date of gift if donated. Maintenance, repairs, rearrangement expenses, and renewal and betterments that do not significantly enhance the value or increase the basic productive capacity of the assets are charged to expenses as incurred. The Foundation depreciates furnishings and equipment under the straight-line method over the estimated useful lives of the assets capitalized as follows:

| | Years |
|---|---|
| Software | 3 |
| Furnishings and equipment | 5-8 |

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***

Accounting Standards Update (ASU) 2016-02, *"Leases,"* requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. This 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. Under this standard, leases are classified as either finance or operating, with classification affecting the recognition of expenses in the statement of activities. The Foundation exercised the option under ASU 2016-2, to adopt a policy of expensing payments on operating leases with lease terms of twelve months or less.

***Refundable Advance***

Conditional pledges are not included as support until the conditions are substantially met. Conditional grants received in advance of meeting the conditions, are reported as a refundable advance in the statement of financial position. As of December 31, 2023 and 2022, there were refundable advances of $626,956 and $335,000 to support Mosaic Lowell and other programs.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

***Split-Interest agreements***

Split interest agreements are created to provide an annuity-type payment to a beneficiary with the principal transferred to the Foundation at the death of the beneficiary. Earnings and market gains are maintained within net assets with donor restrictions and are used to meet current or future annuity obligations. As of December 31, 2023 and 2022, the Foundation had no cash and investments to meet minimum future annuity obligations. This liability is payable in fixed amounts during the lifetime of the beneficiaries. The remainder is classified as net assets with donor restrictions. The annuity obligations are estimates that may differ from amounts actually paid.

As of December 31, 2023 and 2022, the Foundation also had $1,201 and $1,519, respectively, of future obligations on charitable gift annuities that have been insured in full. The Foundation limits its contracts to insurance companies with the strongest ranking based on nationally recognized rating agencies. No amounts are recorded in the financial statements for the value of future obligations to be paid on these reinsured charitable gift annuities or for the expected proceeds to be received from the insurance company.

***Fiscal Agency Funds***

The Foundation acts as a fiscal agent for other organizations in the Lowell area. The organizations place funds with the Foundation and direct the Foundation to disburse funds from time to time on the organizations' behalf. Fiscal agency funds reported in the statement of financial position of $309,834 and $288,882, represent undisbursed funds held by the Foundation at December 31, 2023 and 2022, respectively.

***Agency Endowment Funds***

Agency endowment arises when a transfer is received from a not-for-profit organization that specifies itself as the beneficiary. ASC 958-605-50, *"Contributions Received,"* requires that such transfers received by a community foundation be accounted for as a liability as the transaction is deemed to be reciprocal. Agency endowment funds held by the Foundation as of December 31, 2023 and 2022 were $9,662,527 and $8,332,668, respectively.

***Revenue Recognition***

Program service fees are recognized when services are performed. Program service fees billed or collected in advance are recorded as deferred revenue until the services are performed.

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

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

***Revenue Recognition (continued)***
A portion of the Foundation's revenue is derived from state contracts and grants which are condition 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. As of December 31, 2023 and 2022 there were refundable advances of $626,956 and $335,000, respectively.

***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.

***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. There were no donated goods or services during the years ended December 31, 2023 and 2022, respectively.

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

***Functional Allocation of Expenses***
The costs of providing the Foundation's various programs and supporting services have been summarized on a functional basis in the statements of functional expenses. The 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. Salaries and wages, benefits, payroll taxes, are allocated based on estimates of time and effort. Professional services, office expenses and supplies, travel costs, and certain other expenses are allocated based on each program's expense to the total expense. Other unallocable costs, general and administrative, and fundraising costs are allocated to management and general or fundraising, as appropriate.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

***Concentrations of Credit Risk***

The Foundation places its cash and cash equivalents with high quality financial institutions. Such deposits are covered by Federal Deposit Insurance Commission (FDIC) insurance and by state level insurance for balances exceeding FDIC limits. To minimize risk management routinely assesses the financial strength of the institutions.

Investments are exposed to 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 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 is provided for in the accompanying financial statements.

ASC 740-10, "*Accounting for Uncertainty in Income Taxes,*" requires the Foundation 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 2020. 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 such as operating expenses and distributions in accordance with the Foundation's spending policy, were as follows for the years ending December 31st:

| | 2023 | 2022 |
|---|---|---|
| Cash and cash equivalents | $ 2,971,803 | $ 2,608,242 |
| Investments | 3,941,571 | 583,515 |
| Accounts receivable - other | 288,513 | 119,862 |
| Pledges receivable | 12,847 | 51,680 |
| Distributions from annuitized split-interest agreements | 10,221 | 13,221 |
| Endowment spending policy appropriations | 2,336,267 | 2,121,050 |
| Total available for general expenditure | $ 9,561,222 | $ 5,497,570 |

**NOTE 3 – LIQUIDITY** (Continued)

To manage liquidity, the Foundation strives to maintain a minimum of 4 months of operating reserves to meet current liquidity and to address shortfalls in cash flow caused by seasonal revenue cycles. The operating reserve funds of $811,387 and $948,280 as of December 31, 2023 and 2022, respectively, are maintained in investment accounts with asset allocations consistent with the investment policy. These operating reserves have been Board designated and are not accessible to management for operations without approval by the Board. The Foundation had $1,311,367 and $1,341,284 in Board designated funds functioning as endowment (quasi-endowment) as of December 31, 2023 and 2022, respectively. The annual distribution from the quasi-endowment is reviewed each year by the Finance Committee and approved by the Board. The annual distributions may be used for current operations.

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, with a minimum fee of $250, consistent with the Foundation's Administrative Fee Policy. The administrative fee serves as support for current operations. In addition, the amount for annual distribution 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 4-5% of this average value. The Board sets the actual spending rate each fall following a recommendation by the Investment Committee. If upon the establishment of a fund, a donor elects to establish a nonpermanent fund, distributions may be made from principal and income. For donor-advised funds, the amount and timing of distributions are based on recommendations from donors.

**NOTE 4 – PLEDGES RECEIVABLE**

Pledges receivable consisted of the following as of December 31st:

| | 2023 | 2022 |
|---|---|---|
| Due within one year | $ 74,513 | $ 226,680 |
| Due in two to five years | 13,334 | 75,000 |
| Pledges receivable - net | $ 87,847 | $ 301,680 |

As of December 31, 2023, two donors made up 99% of total pledges receivable. As of December 31, 2022, two donors made up 99% of total pledges receivable. Of the total pledges receivable as of December 31, 2023 and 2022, $75,000 and $150,000 were donor restricted for endowment, respectively.

As of December 31, 2023, the Foundation had three conditional pledges totaling $700,000 to support the Mosaic Lowell, Creative Commonwealth, and Lowell Chamber Orchestra fiscal sponsorships. The promises will be received in amounts of $500,000 and $200,000 through November 2026 and are conditional upon the Foundation meeting certain annual outputs. The conditional pledges will not be recognized until the conditions have been met. The Foundation expects to successfully meet the outputs for each reporting period.

## NOTE 5 - FIXED ASSETS

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

| | 2023 | 2022 |
|---|---|---|
| Software | $ 19,989 | $ 16,056 |
| Furnishings and equipment | 43,747 | 43,747 |
| Total fixed assets | 63,736 | 59,803 |
| Less accumulated depreciation | 57,664 | 56,595 |
| Fixed assets - net | $ 6,072 | $ 3,208 |

Depreciation expense was $1,069 and $1,070 for the years ended December 31, 2023 and 2022, respectively.

## NOTE 6 - 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 December 31st:

| 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 | $ 4,582,625 | $ 4,582,625 | $ - | $ - |
| Certificates of deposit | 350,312 | - | 350,312 | - |
| Equities - mutual funds | 167,746 | 167,746 | - | - |
| Common stock | 38,136,483 | 38,136,483 | - | - |
| Fixed income | 11,360,087 | 5,301,534 | 6,058,553 | - |
| Exchange traded funds | 3,661,597 | 3,661,597 | - | - |
| Total | $ 58,258,850 | $ 51,849,985 | $ 6,408,865 | $ - |

| 2022 | Total | Quoted prices in active markets for identical assets Level 1 | Significant other observable inputs Level 2 | Significant unobservable inputs Level 3 |
|---|---|---|---|---|
| Cash equivalents | $ 1,277,744 | $ 1,277,744 | $ - | $ - |
| Certificates of deposit | 344,856 | - | 344,856 | - |
| Equities - mutual funds | 1,853,583 | 1,853,583 | - | - |
| Common stock | 31,734,711 | 31,734,711 | - | - |
| Fixed income | 12,752,222 | 7,672,041 | 5,080,181 | - |
| Exchange traded funds | 2,109,289 | 2,109,289 | - | - |
| Total | $ 50,072,405 | $ 44,647,368 | $ 5,425,037 | $ - |

## NOTE 7 - INVESTMENT RETURN

Investment return on cash equivalents and investments consists of the following for the years ended December 31st:

| | 2023 | 2022 |
|---|---|---|
| Unrealized gains | $ 5,349,685 | $ (8,172,960) |
| Realized (losses) gains | 978,963 | 674,951 |
| Interest and dividends | 1,003,986 | 787,127 |
| Investment management fees | (300,652) | (250,849) |
| Total investment return | $ 7,031,982 | $ (6,961,731) |

Interest and dividends are shown net of investment management and custody fees that were not paid directly to the managers but rather are netted from the return on certain investments.

## NOTE 8 - ASSETS AND LIABILITIES UNDER LEASES

The Foundation occupies office space located in Lowell, Massachusetts, under an operating lease effective May 1, 2019 expiring April 30, 2024. This lease provides for use of the space for monthly payments of $3,265 through April 30, 2021, increasing thereafter every year for the initial lease term. Common Area Maintenance (CAM) charges are based on the previous year's maintenance expenses. This lease has an option to extend for an additional three-year term expiring April 30, 2027, which the Foundation is more likely than not to exercise.

In accordance with FASB ASC 842, "Leases," a lease liability was recorded in the amount of $136,460 and $167,331 as of December 31, 2023 and 2022, respectively. This lease liability represents the present value of the remaining lease payments for the extended lease term at the Foundation's incremental borrowing rate of 3.25%. As of December 31, 2023 and 2022, respectively, a corresponding lease asset was recorded in the amount of $133,686 and $165,419, based on the lease liability net of the deferred rent in the amount of $2,774 and $1,912 for the years ended December 31, 2023 and 2022, respectively. Deferred rent allows for recognition of straight-line rent expense for a lease with graduated payments over the lease term, in accordance with U.S. GAAP.

Rent expense for fiscal years 2023 and 2022 of $56,935 and $42,177, respectively, was included in Occupancy in the statement of functional expenses. Future minimum lease payments for the years ending December 31st are:

| | |
|---|---|
| 2024 | $ 42,195 |
| 2025 | 43,039 |
| 2026 | 43,900 |
| 2027 | 14,730 |
| Total undiscounted cash flows | 143,864 |
| Less present value discount | (7,403) |
| Total lease liability | $ 136,460 |

## NOTE 8 - ASSETS AND LIABILITIES UNDER LEASES (Continued)

The Foundation also maintains a de minimis operating lease with Xerox to use a copy machine for five years expiring on April 20, 2027. The lease provides for monthly payments of $371. The minimum required lease payments are as follows for the fiscal years ending December 31st:

| | |
|---|---|
| 2024 | 4,446 |
| 2025 | 4,446 |
| 2026 | 4,446 |
| 2027 | 1,482 |

## NOTE 9 - NET ASSETS

Net assets consisted of the following at December 31, 2023 and 2022, respectively:

| | 2023 | | |
|---|---|---|---|
| | Without donor restrictions | With donor restrictions | Total |
| Other undesignated funds | $ 134,893 | $ - | $ 134,893 |
| Designated operating reserves | 811,387 | - | 811,387 |
| Non-endowed funds | 6,037,908 | (146,363) | 5,891,545 |
| Invested in fixed assets | 6,072 | - | 6,072 |
| Pledges receivable | - | 87,847 | 87,847 |
| Endowment funds | 37,695,736 | 6,157,623 | 43,853,359 |
| | $44,685,996 | $6,099,107 | $50,785,103 |

| | 2022 | | |
|---|---|---|---|
| | Without donor restrictions | With donor restrictions | Total |
| Other undesignated funds | $ 544,028 | $ - | $ 544,028 |
| Designated operating reserves | 948,280 | - | 948,280 |
| Non-endowed funds | 4,911,357 | (248,052) | 4,663,305 |
| Invested in fixed assets | 3,208 | - | 3,208 |
| Pledges receivable | - | 301,680 | 301,680 |
| Endowment funds | 32,228,938 | 5,430,046 | 37,658,984 |
| | $38,635,811 | $5,483,674 | $44,119,485 |

The endowment component of net assets without donor restrictions is comprised of amounts designated by the Board to function as endowment, which amounted to $1,311,367 and $1,341,284 as of December 31, 2023 and 2022, respectively, and other donor created endowments that are subject to both the Foundation's variance power and spending policy.

**NOTE 11 - ENDOWMENT FUND ACTIVITY** (Continued)

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 perpetually restricted contributions, or when there was continued appropriation for certain programs that were deemed prudent by the Board of Directors. There were no underwater endowment funds as of December 31, 2023. Deficiencies of this nature exist in one donor-restricted endowment fund, which has an original gift value of $250,000, a current fair value of $245,101, and a deficiency of $4,899 as of December 31, 2022.

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 Directors, the endowment assets are invested in a manner that is intended to produce results that conform to the Total Return Concept while assuming a moderate level of investment risk. The Foundation expects its endowment funds to provide an average rate of return of 8% as measured over a three to 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 currently has a spending policy of appropriating up to 5% of its endowment fund's average fair value for distribution each year. 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.

**NOTE 11 - ENDOWMENT FUND ACTIVITY** (Continued)

Endowment net asset composition by fund type as of December 31, 2023 and 2022 was as follows:

| | 2023 | | |
|---|---|---|---|
| | Without donor restrictions | With donor restrictions | Total |
| Donor created funds | $36,384,369 | $ 6,157,623 | $42,541,992 |
| Board created funds | 1,311,367 | - | 1,311,367 |
| | $37,695,736 | $ 6,157,623 | $43,853,359 |

| | 2022 | | |
|---|---|---|---|
| | Without donor restrictions | With donor restrictions | Total |
| Donor created funds | $30,887,654 | $ 5,430,046 | $36,317,700 |
| Board created funds | 1,341,284 | - | 1,341,284 |
| | $32,228,938 | $ 5,430,046 | $37,658,984 |

Changes in endowment net assets for the years ending December 31, 2023 and 2022 are:

| | 2023 | | |
|---|---|---|---|
| | Without donor restrictions | With donor restriction | Total |
| Endowment net assets, beginning of year | $32,228,938 | $ 5,430,046 | $37,658,984 |
| Investment return: | | | |
| Investment income | 948,646 | 221,576 | 1,170,222 |
| Appreciation/depreciation | 4,733,906 | 729,993 | 5,463,899 |
| Total investment return | 5,682,552 | 951,569 | 6,634,121 |
| Contributions, | 2,150,793 | 169,627 | 2,320,420 |
| Appropriation of assets for expenditure | (2,451,040) | (283,482) | (2,734,522) |
| Other changes | 84,493 | (110,137) | (25,644) |
| Endowment net assets, end of year | $37,695,736 | $ 6,157,623 | $43,853,359 |

## NOTE 11 - ENDOWMENT FUND ACTIVITY (Continued)

| | 2022 | | |
|---|---|---|---|
| | Without donor restrictions | With donor restriction | Total |
| Endowment net assets, beginning of year | $39,091,644 | $ 6,163,556 | $45,255,200 |
| Investment return: | | | |
| Investment income | 650,740 | 107,399 | 758,139 |
| Appreciation/depreciation | (6,212,699) | (973,331) | (7,186,030) |
| Total investment return | (5,561,959) | (865,932) | (6,427,891) |
| Contributions, | 1,121,254 | 439,576 | 1,560,830 |
| Appropriation of assets for expenditure | (1,747,516) | (223,933) | (1,971,449) |
| Other changes | (674,485) | (83,221) | (757,706) |
| Endowment net assets, end of year | $32,228,938 | $ 5,430,046 | $37,658,984 |

## NOTE 12 - RELATED PARTY ACTIVITY

The Foundation contracts with a local bank to perform investment management services. Certain officers of the bank also serve on the Foundation's Board of Directors. During the years ended December 31, 2023 and 2022, the Foundation paid $300,652 and $107,435, respectively, to the bank in investment management fees.

## NOTE 13 - GRANTS

During the years ended December 31, 2023 and 2022, the Foundation issued total grants of $4,925,269 and $3,483,958, respectively. Only $4,802,951 and $3,389,613, respectively, is reported in program service expenses in the statement of activities. The remaining $122,318 and $94,345, respectively, represent agency endowment grants which are netted with all other agency endowment fund activity and reported in the statement of financial position as agency endowment fund liability for the years ended December 31, 2023 and 2022.

## NOTE 14 - INTERFUND ACTIVITY

Subject to approval by the Board of Directors, advisors to donor advised funds may, at times, recommend a transfer of funds from one named fund to the Foundation's operating fund or another named fund of the Foundation to meet the advisors' philanthropic goals. During the years ended December 31, 2023 and 2022, interfund grants of this type amounting to $691,971 and $896,036, respectively, were offset by corresponding interfund revenues. All interfund activity is eliminated for financial statement presentation.

## NOTE 15 - 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, the Foundation's management has evaluated events subsequent to December 31, 2023 through May 3, 2024, which is the date this report was available to be issued. There were no material events noted during this period that would impact the results reflected in this report or the Foundation's results going forward.

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

To the Board of Directors of
Greater Lowell 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 Greater Lowell Community Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 3, 2024.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Greater Lowell 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 Greater Lowell Community Foundation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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, 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 Greater Lowell 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Anstiss & Co., P.C.

Anstiss & Co., P.C.
Chelmsford, MA
May 3, 2024

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**Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance**

To the Board of Trustees of
Greater Lowell Community Foundation, Inc.

## Report on Compliance for Each Major Federal Program

### *Opinion on Each Major Federal Program*

We have audited Greater Lowell Community Foundation, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Greater Lowell Community Foundation, Inc.'s major federal programs for the year ended December 31, 2023. Greater Lowell Community Foundation, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Greater Lowell Community Foundation, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

### Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Greater Lowell Community Foundation, Inc. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Greater Lowell Community Foundation, Inc.'s compliance with the compliance requirements referred to above.

AUDIT
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ADVISORY SERVICES
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**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Greater Lowell Community Foundation, Inc.'s federal programs.

**Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Greater Lowell Community Foundation, Inc.'s compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about Greater Lowell Community Foundation, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Greater Lowell Community Foundation, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Greater Lowell Community Foundation, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Greater Lowell Community Foundation, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Report on Internal Control Over Compliance**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Anstiss & Co., P.C.

Anstiss & Co., P.C.
Chelmsford, Massachusetts
May 3, 2024

**Greater Lowell Community Foundation, Inc.**
**Schedule of Findings and Questioned Costs**
**December 31, 2023**

**Section I - Summary of Audit Results**

*Financial Statements*

Type of auditor's report issued: unmodified

Internal control over financial reporting:

| | | |
|---|---|---|
| • Material weakness(es) identified? | ____ yes | ✓ no |
| • Significant deficiency(ies) identified? | ____ yes | ✓ none reported |
| Noncompliance material to financial statements noted? | ____ yes | ✓ none reported |

*Federal Awards*

Internal control over major programs:

| | | |
|---|---|---|
| • Material weakness(es) identified? | ____ yes | ✓ no |
| • Significant deficiency(ies) identified? | ____ yes | ✓ none reported |

Type of auditor's report issued on compliance over major programs: unmodified

| | | |
|---|---|---|
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | ____ yes | ✓ no |

Identification of major federal programs:

| Assistance Listing Numbers | Name of Federal Program or Cluster |
|---|---|
| 14.228 | Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii. |

| | | |
|---|---|---|
| Dollar threshold used to distinguish between type A and type B programs: | $750,000 | |
| Auditee qualified as low risk auditee? | ____ yes | ✓ no |

**Section II – Financial Statement Findings**

No matters were reported.

**Section III – Federal Award Findings and Questioned Costs**

No matters were reported.

**Greater Lowell Community Foundation, Inc.**
**Schedule of Expenditures of Federal Awards**
**For the Year Ended December 31, 2023**

| Federal Grantor/Pass-through Grantor/Program or Cluster Title | Assistance Listing Number | Pass-through Entity Identifying Number | Passed through to Subrecipients | Total Federal Expenditures |
|---|---|---|---|---|
| **U.S. Department of Housing and Urban Development** | | | | |
| Passed through - Commonwealth of Massachusetts Department of Housing and Community Development | | | | |
| * Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii | 14.228 | DHCD2022-06 | $ 1,331,766 | $ 1,359,313 |
| Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii | | | 1,331,766 | 1,359,313 |
| Total Department of Housing and Urban Development | | | 1,331,766 | 1,359,313 |
| **Total Expenditures of Federal Awards** | | | $ 1,331,766 | $ 1,359,313 |

**Greater Lowell Community Foundation, Inc.**
**Schedule of Expenditures of Federal Awards**
**For the Year Ended December 31, 2023**

## Notes to the Schedule of Expenditures of Federal Awards

### 1. Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the grant activity of Greater Lowell Community Foundation, Inc. under programs of the federal government for the year ended December 31, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Greater Lowell Community Foundation, Inc. it is not intended to and does not present the financial position, changes in net assets, or cash flows of Cape Cod Foundation, Inc.

### 2. Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

### 3. Indirect Cost Rate:

Greater Lowell Community Foundation, Inc. has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

* denotes Major Program