

Greater Lowell Community Foundation, Inc.

**Financial Statements &
Independent Auditor's Report**

December 31, 2025 and 2024

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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 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 referred to above present fairly, in all material respects, the financial position of Greater Lowell Community Foundation, 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 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.

Prior Period Financial Statements

The financial statements of Greater Lowell Community Foundation, 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 May 6, 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 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.

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2026, on our consideration of Greater Lowell Community Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Grassi & Co., CPAs, P.C.

GRASSI & CO., CPAs, P.C.

Chelmsford, Massachusetts
May 7, 2026

Greater Lowell Community Foundation, Inc.
Statements of Financial Position
December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and cash equivalents	\$ 3,760,401	\$ 1,992,262
Investments at fair value	17,217,210	17,393,779
Pledges receivable	492,857	214,833
Accounts receivable - other	223,048	197,276
Prepaid expenses and other assets	33,991	15,297
Assets under operating leases	161,709	95,114
Fixed assets - net	7,079	4,603
Endowment investments	53,303,489	50,043,993
Total assets	<u>\$ 75,199,784</u>	<u>\$ 69,957,157</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 82,211	\$ 96,542
Grants payable	3,000	8,000
Refundable advance	678,128	581,873
Accrued expenses	88,722	83,409
Liabilities under operating leases	168,312	98,020
Fiscal agency liability	390,251	360,040
Agency endowment funds	11,947,437	11,077,908
Other liabilities	10,450	-
Total liabilities	<u>13,368,511</u>	<u>12,305,792</u>
Net assets		
Without donor restrictions		
Undesignated	5,753,656	6,049,939
Invested in fixed assets	7,079	4,603
Designated for operating reserves	1,626,734	1,137,469
Designated for endowment	46,018,377	43,103,953
Total without donor restrictions	<u>53,405,846</u>	<u>50,295,964</u>
With donor restrictions		
Perpetual in nature	1,845,964	1,845,964
Purpose restrictions	6,086,606	5,294,604
Time-restricted	492,857	214,833
Total with donor restrictions	<u>8,425,427</u>	<u>7,355,401</u>
Total net assets	<u>61,831,273</u>	<u>57,651,365</u>
Total liabilities and net assets	<u>\$ 75,199,784</u>	<u>\$ 69,957,157</u>

See the accompanying notes to these financial statements.

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

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue						
Contributions, grants, and gifts	\$ 3,587,475	\$ 1,358,870	\$ 4,946,345	\$ 2,903,275	\$ 318,622	\$ 3,221,897
Government grants	-	666,044	666,044	-	1,200,634	1,200,634
Investment return	4,580,835	598,552	5,179,387	7,208,500	1,162,287	8,370,787
Other income	20,920	-	20,920	137,681	-	137,681
Net assets released from restrictions	1,553,440	(1,553,440)	-	1,425,249	(1,425,249)	-
Total support and revenue	9,742,670	1,070,026	10,812,696	11,674,705	1,256,294	12,930,999
Expenses						
Program services	5,914,042	-	5,914,042	5,370,522	-	5,370,522
Management and general	349,939	-	349,939	320,943	-	320,943
Fundraising	368,807	-	368,807	373,272	-	373,272
Total expenses	6,632,788	-	6,632,788	6,064,737	-	6,064,737
Change in net assets	3,109,882	1,070,026	4,179,908	5,609,968	1,256,294	6,866,262
Net assets at beginning of year	50,295,964	7,355,401	57,651,365	44,685,996	6,099,107	50,785,103
Net assets at end of year	\$ 53,405,846	\$ 8,425,427	\$ 61,831,273	\$ 50,295,964	\$ 7,355,401	\$ 57,651,365

See the accompanying notes to these financial statements.

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

	2025			2024		
	Program	Management & General	Fundraising	Program	Management & General	Fundraising
	\$	\$	\$	\$	\$	\$
Grants	\$ 3,922,780	213,319	-	\$ 3,636,201	-	-
Salaries and related	643,235	37,309	304,787	624,596	207,172	286,159
Project costs	893,575	20,877	4,724	706,503	20,184	4,724
Office supplies and expenses	183,083	17,390	16,196	130,921	9,761	16,319
Conferences	145,318	12,102	11,194	163,483	19,409	11,194
Occupancy	37,730	8,124	21,356	40,768	13,076	23,076
Advertising	73,118	-	-	49,239	5,471	-
Other expenses	-	-	4,938	-	-	25,646
Legal and accounting	-	40,250	-	-	45,234	-
Insurance	3,514	270	1,621	5,314	409	2,453
Travel, meals, and lodging	9,720	-	3,019	12,134	-	3,019
Licenses and permits	337	26	156	-	-	-
Depreciation	1,632	272	816	1,363	227	682
Total expenses by function	\$ 5,914,042	\$ 349,939	\$ 368,807	\$ 5,370,522	\$ 320,943	\$ 373,272
			\$ 6,632,788			\$ 6,064,737

See the accompanying notes to these financial statements.

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

	2025	2024
Reconciliation of change in net assets to net cash from operating activities		
Change in net assets	\$ 4,179,908	\$ 6,866,262
Adjustments to reconcile changes in net assets to net cash from operating activities		
Depreciation	2,720	2,272
Amortization of operating lease assets	46,639	38,572
Realized and unrealized gain on operating investments	1,371,211	(798,731)
Contributions restricted to endowment	(1,753,884)	(1,607,970)
Change in value of fiscal agency liability	30,211	50,206
Change in value of agency endowment liability	853,415	1,578,495
Realized and unrealized gain on endowment investments	(3,779,688)	(6,672,221)
Net change in lease assets and liabilities for lease extension	(1,062)	-
Changes in operating assets and liabilities		
Increase in prepaid expenses and other assets	(18,694)	(267)
Increase in pledges receivable	(278,024)	(126,986)
(Increase) decrease in accounts receivable-other	(25,772)	199,855
Increase (decrease) in accounts payable and accrued expenses	(9,018)	(166,623)
(Decrease) increase in grants payable	(5,000)	3,000
Payments on operating lease liabilities	(41,880)	(38,440)
Increase in other liabilities	10,450	-
Increase (decrease) in refundable advance	96,255	(45,083)
Net cash provided (used) by operating activities	<u>677,787</u>	<u>(717,659)</u>
Cash flows from investing activities		
Purchase of operating investments	(16,770,933)	(14,706,486)
Proceeds from sale of operating investments	15,576,291	12,516,929
Purchases of property & equipment	(5,196)	(803)
Additions to agency endowment funds-net	16,114	(163,114)
Withdrawals from (additions to) endowment-net	520,192	481,587
Net cash used by investing activities	<u>(663,532)</u>	<u>(1,871,887)</u>
Cash flows from financing activities		
Collection of contributions restricted to endowment	1,753,884	1,607,970
Net cash provided by financing activities	<u>1,753,884</u>	<u>1,607,970</u>
Net change in cash and cash equivalents	1,768,139	(981,576)
Cash and cash equivalents at beginning of year	<u>1,992,262</u>	<u>2,973,838</u>
Cash and cash equivalents at end of year	<u>\$ 3,760,401</u>	<u>\$ 1,992,262</u>
Supplemental information:		
In-kind contributions	<u>\$ 337,457</u>	<u>\$ 341,929</u>

See the accompanying notes to these financial statements.

Greater Lowell Community Foundation, Inc.
Notes to Financial Statements
December 31, 2025 and 2024

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 undesignate these net assets at its discretion if the originally intended time period or purpose is deemed no longer relevant or applicable to the needs of the Foundation.

Net Assets With Donor Restrictions

Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time, are classified as net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

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

Greater Lowell Community Foundation, Inc.
Notes to Financial Statements
December 31, 2025 and 2024

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, 2025 and 2024, 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, 2025 and 2024 because of their relatively short-term nature.

Greater Lowell Community Foundation, Inc.
Notes to Financial Statements
December 31, 2025 and 2024

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.

Greater Lowell Community Foundation, Inc.
Notes to Financial Statements
December 31, 2025 and 2024

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, 2025 and 2024, there was \$390,251 and \$360,040 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, 2025 and 2024, accounts receivable – other included of \$101,366 and \$137,682, respectively, of Community Investment Tax Credits and \$82,481 and \$46,960, respectively, of contracts receivable both due 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 less an allowance for doubtful accounts. 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.

Greater Lowell Community Foundation, Inc.
Notes to Financial Statements
December 31, 2025 and 2024

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, 2025 and 2024, there were refundable advances of \$678,128 and \$581,873 to support Mosaic Lowell and other programs.

Greater Lowell Community Foundation, Inc.
Notes to Financial Statements
December 31, 2025 and 2024

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, 2025 and 2024, 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, 2025 and 2024, the Foundation also had 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 \$390,251 and \$360,040, represent undisbursed funds held by the Foundation at December 31, 2025 and 2024, 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, 2025 and 2024 were \$11,947,437 and \$11,077,908, 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.

Greater Lowell Community Foundation, Inc.
Notes to Financial Statements
December 31, 2025 and 2024

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 conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Foundation has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. As of December 31, 2025 and 2024 there were refundable advances of \$678,128 and \$581,873, 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, 2025 and 2024, 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.

Greater Lowell Community Foundation, Inc.
Notes to Financial Statements
December 31, 2025 and 2024

Note 2 - Summary of Significant Accounting Policies (continued)

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 2022. 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:

	2025	2024
Cash and cash equivalents	\$ 3,761,581	\$ 1,979,878
Investments	4,268,264	5,406,795
Accounts receivable - other	227,868	202,096
Pledges receivable	25,000	159,833
Distributions from annuitized split-interest agreements	8,110	10,740
Endowment spending policy appropriations	2,767,588	2,581,406
Total available for general expenditure	<u>\$11,058,411</u>	<u>\$10,340,748</u>

Greater Lowell Community Foundation, Inc.
Notes to Financial Statements
December 31, 2025 and 2024

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 \$1,626,734 and \$1,137,469 as of December 31, 2025 and 2024, 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 \$2,133,605 and \$1,659,119 in Board designated funds functioning as endowment (quasi-endowment) as of December 31, 2025 and 2024, 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:

	2025	2024
Due within one year	\$ 467,857	\$ 159,833
Due in two to five years	25,000	55,000
Pledges receivable - net	<u>\$ 492,857</u>	<u>\$ 214,833</u>

As of December 31, 2025 and 2024, three donors made up 84% and two donors made up 86%, respectively, of total pledges receivable. There were no pledges receivable restricted to endowment as of December 31, 2025 and 2024, respectively.

As of December 31, 2025 and 2024, the Foundation had three conditional pledges totaling \$1,284,373 and \$1,200,000, respectively, to support the Mosaic Lowell, Creative Commonwealth, and Lowell Chamber Orchestra fiscal sponsorships. The promises are conditioned 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.

Greater Lowell Community Foundation, Inc.
Notes to Financial Statements
December 31, 2025 and 2024

Note 5 – Fixed Assets

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

	2025	2024
Software	\$ 19,989	\$ 19,989
Furnishings and equipment	48,944	43,747
Total fixed assets	68,933	63,736
Less accumulated depreciation	61,854	59,133
Fixed assets - net	\$ 7,079	\$ 4,603

Depreciation expense was \$2,720 and \$2,272 for the years ended December 31, 2025 and 2024, 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:

		2025			
		Quoted prices in active markets for identical assets Level 1			
		Significant other observable inputs Level 2			
		Significant unobservable inputs Level 3			
	Total				
Cash equivalents	\$ 3,277,475	\$ 3,277,475	\$ -	\$ -	-
Certificates of deposit	372,022	-	372,022	-	-
Equities - mutual funds	290,781	290,781	-	-	-
Common stock	49,321,161	49,321,161	-	-	-
Debt securities	720,205	720,205	-	-	-
Fixed income	13,432,857	8,010,734	5,422,123	-	-
Exchange traded funds	3,106,198	3,106,198	-	-	-
Total	\$70,520,699	\$ 64,726,554	\$ 5,794,145	\$ -	-

		2024			
		Quoted prices in active markets for identical assets Level 1			
		Significant other observable inputs Level 2			
		Significant unobservable inputs Level 3			
	Total				
Cash equivalents	\$ 2,642,115	\$ 2,642,115	\$ -	\$ -	-
Certificates of deposit	360,212	-	360,212	-	-
Equities - mutual funds	604,566	604,566	-	-	-
Common stock	45,996,534	45,996,534	-	-	-
Fixed income	12,826,560	6,422,995	6,403,565	-	-
Exchange traded funds	5,007,785	5,007,785	-	-	-
Total	\$67,437,772	\$ 60,673,995	\$ 6,763,777	\$ -	-

Greater Lowell Community Foundation, Inc.
Notes to Financial Statements
December 31, 2025 and 2024

Note 7 – Investment Return

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

	2025	2024
Unrealized gains	\$ 2,669,724	\$ 5,713,683
Realized (losses) gains	1,430,548	1,757,269
Interest and dividends	1,185,790	1,181,072
Investment management fees	(106,675)	(281,237)
Total investment return	<u>\$ 5,179,387</u>	<u>\$ 8,370,787</u>

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 expiring April 30, 2027. This lease provides for use of the space for monthly payments of \$3,470 through April 30, 2024, increasing 2% every year thereafter. Common Area Maintenance (CAM) charges are based on the previous year's maintenance expenses.

In accordance with FASB ASC 842, "Leases," a lease liability was recorded in the amount of \$168,312 and \$98,020 as of December 31, 2025 and 2024, respectively. This lease liability represents the present value of the remaining lease payments for the lease term at the Foundation's incremental borrowing rate of 3.25%. As of December 31, 2025 and 2024, respectively, a corresponding lease asset was recorded in the amount of \$161,709 and \$95,114, based on the lease liability net of the deferred rent in the amount of \$6,603 and \$2,906 for the years ended December 31, 2025 and 2024, 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 2025 and 2024 of \$53,548 and \$56,404, respectively, was included in Occupancy in the statements of functional expenses. Future minimum lease payments for the years ending December 31st are:

2026	\$ 50,505
2027	53,030
2028	55,681
2029	18,860
Total undiscounted cash flows	<u>178,076</u>
Less present value discount	(9,760)
Total lease liability	<u>\$ 168,312</u>

Greater Lowell Community Foundation, Inc.
Notes to Financial Statements
December 31, 2025 and 2024

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:

2026	4,446
2027	1,482

Note 9 – Net Assets

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

	2025		
	Without donor restrictions	With donor restrictions	Total
Other undesignated funds	\$ 768,666	\$ -	\$ 768,666
Designated operating reserves	1,626,734	-	1,626,734
Non-endowed funds	4,984,990	651,165	5,636,155
Invested in fixed assets	7,079	-	7,079
Pledges receivable	-	492,857	492,857
Endowment funds	46,018,377	7,281,406	53,299,783
	<u>\$53,405,846</u>	<u>\$8,425,428</u>	<u>\$61,831,274</u>
	2024		
	Without donor restrictions	With donor restrictions	Total
Other undesignated funds	\$ 724,412	\$ -	\$ 724,412
Designated operating reserves	1,137,469	-	1,137,469
Non-endowed funds	5,325,527	200,528	5,526,055
Invested in fixed assets	4,603	-	4,603
Pledges receivable	-	214,833	214,833
Endowment funds	43,103,953	6,940,040	50,043,993
	<u>\$50,295,964</u>	<u>\$7,355,401</u>	<u>\$57,651,365</u>

The endowment component of net assets without donor restrictions is comprised of amounts designated by the Board to function as endowment, which amounted to \$2,133,605 and \$1,659,119 as of December 31, 2025 and 2024, respectively, and other donor created endowments that are subject to both the Foundation's variance power and spending policy.

Greater Lowell Community Foundation, Inc.
Notes to Financial Statements
December 31, 2025 and 2024

Note 9 – Net Assets (continued)

For years ended December 31, 2025 and 2024, net assets with donor restrictions included net assets of \$1,845,964 consisting of 8 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 Middlesex County, Massachusetts 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 - perpetual endowment funds		
With purpose restrictions	\$ 277,341	\$ 232,387
Without purpose restrictions	1,433,779	1,381,858
Subtotal	1,711,120	1,614,245
Other funds temporarily restricted for purpose	4,314,221	3,680,359
Other funds temporarily restricted for time	492,857	214,833
Total temporarily restricted net assets	<u>\$6,518,198</u>	<u>\$5,509,437</u>

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
Expiration of restrictions	\$1,614,705	\$1,425,249

Note 10 – Employee Benefit Plans

The Foundation sponsors a tax-sheltered annuity plan for all its employees under Internal Revenue Code Section 403(b). The plan is funded through employee contributions. During 2022, the Board voted to approve a discretionary matching contribution of 3% of compensation for eligible participants. During the years ended December 31, 2025 and 2024, the Foundation recorded retirement plan matching contribution expense of \$22,684 and \$18,843, respectively.

The Foundation also maintains a premium pretax salary reduction plan available to all full-time employees. The plan is intended to qualify as a cafeteria plan under Section 125 of the Internal Revenue Code, and benefits provided under the plan are excluded from federal income tax. The Foundation is not required to make any contributions to the plan. The benefits offered are insurance premium benefits for health, other medical expenses, and dependent care assistance benefits.

Greater Lowell Community Foundation, Inc.
Notes to Financial Statements
December 31, 2025 and 2024

Note 11 – Endowment Fund Activity

The Foundation's endowment consists of approximately 330 individual funds established for a variety of purposes. Its endowment consists of both donor-restricted endowment funds and funds established by the Board of Directors to function as endowments.

Under the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), the Board of Directors has discretion to determine appropriate expenditure of a donor-restricted endowment fund 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 permanently restricted amount will remain intact.

The Board of Directors of the Foundation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of the subsequent gifts donated to the permanent endowment, and (c) accumulations to the permanent 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 permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) General economic conditions
- (2) The possible effect of inflation and deflation
- (3) The expected tax consequences, if any, of investment decisions
- (4) The role that each investment or course of action plays within the overall investment portfolio of the fund
- (5) The expected total return from income and appreciation of investments
- (6) Other resources of the organization
- (7) The needs of the Foundation and the fund to make distributions and to preserve capital
- (8) An asset's special relationship or special value, if any, to the charitable purposes of the Foundation
- (9) The duration and preservation of the fund
- (10) The investment policy of the Foundation

Greater Lowell Community Foundation, Inc.
Notes to Financial Statements
December 31, 2025 and 2024

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, 2025 and 2024.

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.

Greater Lowell Community Foundation, Inc.
Notes to Financial Statements
December 31, 2025 and 2024

Note 11 – Endowment Fund Activity (continued)

Endowment net asset composition by fund type as of December 31, 2025 and 2024 was as follows:

		2025	
	Without donor restrictions	With donor restrictions	Total
Donor created funds	\$43,844,712	\$ 7,281,406	\$51,126,118
Board created funds	2,133,605	-	2,133,605
	<u>\$46,018,377</u>	<u>\$ 7,281,406</u>	<u>\$53,299,783</u>

		2024	
	Without donor restrictions	With donor restrictions	Total
Donor created funds	\$41,444,834	\$ 6,940,040	\$48,384,874
Board created funds	1,659,119	-	1,659,119
	<u>\$43,103,953</u>	<u>\$ 6,940,040</u>	<u>\$50,043,993</u>

Changes in endowment net assets for the years ending December 31, 2025 and 2024 are:

		2025	
	Without donor restrictions	With donor restriction	Total
Endowment net assets, beginning of year	\$43,103,953	\$ 6,940,040	\$50,043,993
Investment return:			
Investment income	1,665,363	214,643	1,880,007
Appreciation/depreciation	2,548,167	382,534	2,930,701
Total investment return	<u>4,213,530</u>	<u>597,178</u>	<u>4,810,708</u>
Contributions,	1,489,125	44,819	1,533,944
Appropriation of assets for expenditure	(2,926,913)	(253,470)	(3,180,383)
Other changes	<u>138,682</u>	<u>(47,162)</u>	<u>91,520</u>
Endowment net assets, end of year	<u>\$46,018,377</u>	<u>\$ 7,281,406</u>	<u>\$53,299,783</u>

Greater Lowell Community Foundation, Inc.
Notes to Financial Statements
December 31, 2025 and 2024

Note 11 – Endowment Fund Activity (continued)

	2024		
	Without donor restrictions	With donor restriction	Total
Endowment net assets, beginning of year	\$37,695,736	\$ 6,157,623	\$43,853,359
Investment return:			
Investment income	1,518,375	299,380	1,817,755
Appreciation/depreciation	4,784,247	860,870	5,645,117
Total investment return	6,302,622	1,160,250	7,462,872
Contributions,	1,527,558	80,412	1,607,970
Appropriation of assets for expenditure	(2,637,769)	(395,259)	(3,033,028)
Other changes	215,806	(62,986)	152,820
Endowment net assets, end of year	\$43,103,953	\$ 6,940,040	\$50,043,993

Note 12 – Related Party Activity

During the year ended December 31, 2024, certain officers of a bank providing investment management services to the Foundation served on the Foundation's Board of Directors. As a result, the bank was considered a related party for 2024, and the Foundation paid \$133,827 in investment management fees during that year.

As of and for the year ended December 31, 2025, no such related party relationship exists.

Note 13 - Grants

During the years ended December 31, 2025 and 2024, the Foundation issued total grants of \$4,554,821 and \$3,781,246, respectively. Only \$3,922,780 and \$3,636,201, respectively, is reported in program service expenses in the statement of activities. The remaining \$632,041 and \$145,046, 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, 2025 and 2024.

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, 2025 and 2024, interfund grants of this type amounting to \$992,902 and \$1,075,437, respectively, were offset by corresponding interfund revenues. All interfund activity is eliminated for financial statement presentation.

Greater Lowell Community Foundation, Inc.
Notes to Financial Statements
December 31, 2025 and 2024

Note 15 - 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.

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 financial statements are issued. In accordance with ASC 855-10, the Foundation's management has evaluated events subsequent to December 31, 2025 through May 7, 2026, 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, 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, and have issued our report thereon dated May 7, 2026.

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 the determination financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Grassi & Co., CPAs, P.C.

GRASSI & CO., CPAs, P.C.

Chelmsford, Massachusetts
May 7, 2026