Williamstown Community Chest

Financial Statements
September 30, 2023 and 2022

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smithwatson
ACCOUNTANTS AND ADVISORS SINCE 1973

Independent Auditors' Report

To the Board of Directors
Williamstown Community Chest

We have audited the accompanying financial statements of Williamstown Community Chest (a nonprofit organization), which comprise the statements of financial position as of September 30, 2023 and 2022 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 Williamstown Community Chest as of September 30, 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. 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 Williamstown Community Chest 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 opinion.

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 Williamstown Community Chest'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 it 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 Williamstown Community Chest'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 Williamstown Community Chest'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.

Smith, Watson & Company, LLP

Smith, Watson & Company, LLP
Certified Public Accountants
Pittsfield, MA
March 04, 2024

Williamstown Community Chest
Statements of Financial Position
As of September 30, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	$ 212,022	$ 239,272
Pledges receivable	23,489	23,314
Prepaid expense and security deposit	1,605	1,698
Total Current Assets	237,116	264,284
Long term investments	1,855,684	1,733,069
Property, plant and equipment, net of accumulated depreciation	564	1,128
Total Assets	$ 2,093,364	$ 1,998,481
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 674	$ -
Accrued payroll and payroll taxes	2,829	2,721
Credit card payable	130	-
Total Current Liabilities	3,633	2,721
Total Liabilities	3,633	2,721
Net Assets		
Without donor restrictions	1,268,105	1,206,744
With donor restrictions	821,626	789,016
Total Net Assets	2,089,731	1,995,760
Total Liabilities and Net Assets	$ 2,093,364	$ 1,998,481

The accompanying notes are an integral part of these financial statements.

Williamstown Community Chest
Statements of Activities
For the Years Ended September 30, 2023 and 2022

	Without Donor Restrictions	With Donor Restrictions	2023	Without Donor Restrictions	With Donor Restrictions	2022
Revenues, Gains and Other Support						
Public support contribution	$ 300,126	$ 2,500	$ 302,626	$ 307,600	$ 4,692	$ 312,292
Special events	8,364	-	8,364	2,629	-	2,629
Other income and support	48,673	-	48,673	58,194	-	58,194
Investment return, net	120,381	86,734	207,115	(212,144)	(176,598)	(388,742)
Bank interest	987	-	987	234	-	234
Rental income from sublease	3,000	-	3,000	-	-	-
Net assets released from restrictions	56,624	(56,624)	-	49,678	(49,678)	-
Total Revenues, Gains and Other Support	538,155	32,610	570,765	206,191	(221,584)	(15,393)
Expenses						
Program expenses	364,759	-	364,759	361,376	-	361,376
Management and general	51,095	-	51,095	43,616	-	43,616
Fundraising	60,940	-	60,940	63,042	-	63,042
Total Expenses	476,794	-	476,794	468,034	-	468,034
Change in Net Assets	61,361	32,610	93,971	(261,843)	(221,584)	(483,427)
Net Assets, October 1	1,206,744	789,016	1,995,760	1,468,587	1,010,600	2,479,187
Net Assets, September 30	$ 1,268,105	$ 821,626	$ 2,089,731	$ 1,206,744	$ 789,016	$ 1,995,760

The accompanying notes are an integral part of these financial statements.

Williamstown Community Chest
Statements of Functional Expenses
For the Years Ended September 30, 2023 and 2022

	Program Services	Management and General	Fundraising	2023	Program Service	Management and General	Fundraising	2022
Salaries	$ -	$ 16,774	$ 50,323	$ 67,097	$ -	$ 16,766	$ 50,297	$ 67,063
Payroll taxes	-	1,351	4,052	5,403	-	1,342	4,025	5,367
Professional fees	-	11,195	-	11,195	-	10,186	4,013	14,199
Advertising and promotion	45	665	150	860	-	645	-	645
Bad debt expense	-	3,257	-	3,257	-	891	-	891
Office expenses	288	2,958	467	3,713	563	993	1,335	2,891
Contributions to agencies	361,498	-	-	361,498	356,198	-	-	356,198
Occupancy costs	-	6,000	-	6,000	-	3,000	-	3,000
Travel	-	40	-	40	-	-	-	-
Communication	-	2,815	-	2,815	-	2,894	-	2,894
Depreciation of tangible assets	-	564	-	564	-	768	-	768
Insurance	-	3,427	-	3,427	-	3,288	-	3,288
Other supplies	117	-	381	498	-	-	-	-
Licenses, fees and miscellaneous	-	1,611	1,144	2,755	11	2,360	27	2,398
Postage and shipping	123	302	1,288	1,713	87	239	1,534	1,860
Printing	597	136	3,135	3,868	492	244	1,811	2,547
Community events	2,091	-	-	2,091	4,025	-	-	4,025
Total Expenses	$ 364,759	$ 51,095	$ 60,940	$ 476,794	$ 361,376	$ 43,616	$ 63,042	$ 468,034

The accompanying notes are an integral part of these financial statements.

Williamstown Community Chest
Statements of Cash Flows
For the Years Ended September 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 93,971	$ (483,427)
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation expense	564	768
Bad debt expense	3,257	891
Unrealized (gain) loss on investments	(145,554)	494,383
Realized (gain) loss on investments	1,210	(15,439)
Proceeds from sale of donated securities	-	(35,631)
Changes in operating assets and liabilities:		
(Increase) decrease in receivables	(3,432)	-
(Increase) decrease in prepaid expense and other assets	93	(312)
Increase (decrease) in accounts payable	674	-
Increase (decrease) in accrued payroll and payroll tax	110	2,720
Increase (decrease) in credit card payable	130	-
NET CASH FLOWS PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(48,977)	(36,047)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments to acquire property, plant, and equipment	-	(664)
Payments to acquire marketable securities	(102,272)	(240,873)
Proceeds from sale and maturity of marketable securities	123,999	346,259
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	21,727	104,722
Net cash increase (decrease) in cash and cash equivalents	(27,250)	68,675
Cash and cash equivalents at beginning of period	239,272	170,597
Cash and cash equivalents at end of period	$ 212,022	$ 239,272

The accompanying notes are an integral part of these financial statements.

1. Significant Accounting Policies

Nature of business

Williamstown Community Chest (the Organization), founded in October of 1946, is a not-for-profit tax exempt organization under section 501(c)(3) of the Internal Revenue Code. The Organization's purpose is to solicit funds from businesses and individuals in Williamstown Massachusetts and to administer funding requests of its member agencies.

Basis of accounting

The accompanying financial statements have been prepared utilizing the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization reports information regarding its financial position and activities according to the following net asset classifications:

- Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These assets may be used at the discretion of the Organization’s management and the board of directors.

- Net assets with donor restrictions – Net assets subject to the stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities. If a restriction is fulfilled in the same year in which the contribution is received, the Organization reports the support within net assets without donor restrictions.

Change in accounting principal

In February 2016, the Financial Accounting Standards Board (FASB) issued a sweeping new lease accounting standard, Accounting Standards Update (ASU) 2016-02, “Leases” to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for the leases classified as operating leases. Under the new standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

1. Significant Accounting Policies (continued)

Change in accounting principal (continued)

The Organization adopted the standard effective October 1, 2022. The Organization elected the available practical expedients to account for our existing operating leases as under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

The standard did not have a material impact on the financial statements.

Use of estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures. Actual results could differ from those estimates and may have impact on future periods.

Cash and cash equivalents

Cash and cash equivalents include certificates of deposits with maturity dates of less than 90 days, deposits in bank accounts, and money market accounts. The money market accounts are recorded at cost, which approximates current market value.

Revenue recognition

Contributions and grants are recognized at the time they are pledged. Contributions and grants are presented as restricted support if they are received with donor stipulations that limit the use of the donated assets. Restricted amounts are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities. If a restriction is fulfilled in the same year in which the contribution is received, the Organization reports the support within net assets without donor restrictions.

Pledges receivable

Pledges receivable are recognized when the donor makes a pledge to give to the Organization that is, in substance, unconditional. Pledge receivables are typically due within one year or less and therefore are recorded without any present value discount. Pledges receivable are written off when deemed appropriate on a case-by-case basis.

1. Significant Accounting Policies (continued)

Property, plant and equipment

Property, plant and equipment is stated at cost or fair market value if donated. Expenditures in excess of $500 and a useful life of greater than one year are capitalized. Depreciation is calculated based upon the estimated useful lives of the respective assets using the straight-line method. The estimated useful lives of furniture and office equipment is five years.

Repairs and maintenance items which do not extend the useful lives of the fixed assets are expensed accordingly.

Designations payable

Contributions that are designated to a specific third-party beneficiary are recorded as a liability at the time that the contribution is received. Designations payable at September 30, 2023 and 2022 was $0.

Advertising cost

The Organization follows the policy of charging the costs of advertising to expense as incurred. Advertising expense was $860 and $645 for the years ended September 30, 2023 and 2022, respectively.

Leases

The Organization determines if an arrangement is a lease at inception. Right-of-use (ROU) assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised.

The Organization has elected not to report ROU assets or corresponding liabilities on short-term leases of twelve months or less. Lease expenses on short-term leases are recognized on a straight-line basis over the lease term in the statement of functional expenses as rent expense.

Allocation of functional expenses

The costs of providing the various programs and other activities have been summarized in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services based upon management's estimates of time and effort.

1. Significant Accounting Policies (continued)

Subsequent events

Subsequent events and transactions have been evaluated by management through March 04, 2024, the date the financial statements were issued. Material subsequent events, if any, are disclosed in a separate note to these financial statements.

2. Availability and liquidity

The following represents the Organization's financial assets reduced by amounts not available or not expected to be used for general use because of contractual, donor-imposed or internal budgetary restrictions within one year of the statement of financial position:

	2023	2022
Financial assets at year end		
Cash and cash equivalents	$ 212,022	$ 239,272
Pledges receivable	23,489	23,314
Long term investments	1,855,684	1,733,069
Subtotal	2,091,195	1,995,655
Less amounts not available to be used within one year		
Board designated assets	(1,117,655)	(1,040,473)
Net assets with donor restrictions	(821,626)	(789,016)
Total	$ 151,914	$ 166,166

The Organization manages its liquidity and reserves by (1) operating within a prudent range of financial soundness and stability and (2) maintaining adequate liquid assets to fund near-term operating needs. The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. If funds are needed for expenses, management can request the Board to undesignate previously designated assets. In addition, management can review discretionary spending to meet certain cash needs.

3. Property, plant and equipment

Property, plant and equipment consist of the following:

	2023	2022
Equipment, furniture and fixtures	$ 5,409	$ 5,409
Less: accumulated depreciation	(4,845)	(4,281)
Total	$ 564	$ 1,128

Depreciation expense was $564 and $768 for the years ended September 30, 2023 and 2022, respectively.

4. Marketable securities

The Organization defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. It requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. It also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels, which are as follows:

Level 1	Quoted prices in active markets for identical assets or liabilities.
Level 2	Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
Level 3	Unobservable inputs, where there is little or no market activity for the asset or liability. These inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability, based on the best information available.

The investments below are reported at market value, using Level 1 and level 2 inputs consisting of quoted market prices of identical securities.

4. Marketable securities (continued)

	2023 Cost	2023 Fair Value	2022 Cost	2022 Fair Value
Level 1				
Mutual Funds				
Fixed income	$ 501,094	$ 433,647	$ 580,458	$ 504,881
Equity income	578,876	726,558	561,920	632,296
Exchange Traded				
Fixed income	139,130	130,335	139,130	129,340
Equity income	295,459	441,231	252,798	343,065
Level 2				
Corporate Bonds				
Fixed income	128,389	123,912	128,444	123,445
Total	$1,642,948	$1,855,683	$1,662,750	$1,733,027

The following summarizes the investment return and its classification in the statement of activities:

	2023	2022
Dividends and interest	$ 75,721	$ 104,643
Unrealized gain (loss)	145,554	(494,383)
Realized gain (loss)	(1,210)	15,439
Investment fees	(12,950)	(14,441)
Investment income, net	$ 207,115	$ (388,742)

5. Endowments

As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization’s investments consist of donor restricted endowment funds and funds functioning as quasi-endowment funds. Donor restricted endowments consist of gifts received with a donor stipulation that require the funds to be invested in perpetuity. Quasi-endowment funds consist of board designated and donor restricted purpose funds. Board designated funds consist of monies internally generated. Donor restricted purpose funds consists of gifts received with a donor stipulation to be used for a particular purpose, but with no requirement for the funds to be invested in perpetuity and for which a fund was established to function as an endowment.

5. Endowments (continued)

Professional accounting standards provide guidance on the net asset classification of donor restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management Institutional Funds Act of 2006 ("UPMIFA") which serves as a model act for states to modernize their laws governing donor restricted endowment funds. This standard also requires additional disclosures about endowments (both donor restricted funds and quasi-endowment funds).

The Organization has interpreted the Massachusetts Uniform Prudent Management of Institutional Funds Act ("MUPMIFA") 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, the Organization classifies as net assets without donor restrictions (a) The original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the endowment. In accordance with MUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources
7. The investment policies of the Organization

The Organization maintains two endowments, which are as follows:

- The Flynt Endowment is a donor-restricted permanent endowment with an original endowment amount of $764,747. The Organization shall make grants from the fund during each calendar year in an amount equal to five percent of the value of the assets as of January 1 of that year. The Organization shall publicize the availability of the grants within the town of Williamstown and shall accept applications from or entities (including the town of Williamstown) that provide programs or services to the town or its residents (although not necessarily exclusively.) The Organization shall from time to time establish criteria for the awards or grants, but such criteria shall generally relate to maintenance or improvement of the quality of life of the residents of Williamstown.

- During the 2005 fiscal year, the board of directors designated all undesignated accumulated investments to be preserved as a quasi-endowment accounts. An amount up to the total return (income plus appreciation) may be spent annually for special grants and general operating needs as the board of directors deems advisable.

5. Endowments (continued)

The endowment by net asset class and type at September 30, 2023 and 2022 is as follows:

	Without Donor Restrictions	With Donor Restrictions	2023	Without Donor Restrictions	With Donor Restrictions	2022
Board-designated quasi-endowment	$ 1,117,655	$ -	$ 1,117,655	$ 1,040,473	$ -	$ 1,040,473
Flynt donor-restricted permanent endowment	-	808,920	808,920	-	772,488	772,488
Total	$ 1,117,655	$ 808,920	$ 1,926,575	$ 1,040,473	$ 772,488	$ 1,812,961

The following schedule reconciles the changes in endowments by net class for the years ended September 30, 2023 and 2022:

	Without Donor Restrictions	With Donor Restrictions	2023	Without Donor Restrictions	With Donor Restrictions	2022
Beginning balance	$ 1,040,473	$ 772,488	$ 1,812,961	$ 1,304,835	$ 992,545	$ 2,297,380
Investment return, net	117,391	85,365	202,756	(212,144)	(173,879)	(386,023)
Contributions Received	10,791	-	10,791	8,263	-	8,263
Spending policy distribution	(51,000)	(48,933)	(99,933)	(60,481)	(46,178)	(106,659)
Total	$ 1,117,655	$ 808,920	$ 1,926,575	$ 1,040,473	$ 772,488	$ 1,812,961

6. Net assets without donor restrictions

Net assets without donor restrictions are comprised of the following at September 30, 2023 and 2022:

	2023	2022
Board designated investments	$ 1,099,655	$ 1,022,473
Board designated reserve	18,000	18,000
Undesignated	150,450	166,271
Total	$ 1,268,105	$ 1,206,744

7. Net assets with donor restrictions

Net assets with donor restrictions are comprised of the following at September 30, 2023 and 2022:

	2023	2022
Crowe	$ 10,206	$ 11,336
Flynt endowment	808,920	772,488
Community movie	-	500
2022-23 Campaign	-	3,592
2023-24 Campaign	2,500	-
Annual meeting	-	1,100
Total	$ 821,626	$ 789,016

Crowe
During April 2013, the Organization received a restricted donation referred to as the Crowe gift. Each year for the next ten years, or until the funds are depleted, $2,500 from the donation will be allotted to the Organization's annual campaign. When allocations of the campaign's proceeds are made to member agencies, a different agency each year will be the recipient of the $2,500 contribution and the agency's annual letter allocation letter will clearly state that a portion of the total allocation is given in the name of this gift.

8. Net assets released from restrictions

Net assets were released from restrictions by incurring expenses satisfying the restricted purpose, or by occurrence of other events as specified by the donors. Amounts released for the years ending September 30, 2023 and 2022 are as follows:

	2023	2022
Crowe bequest	$ 2,500	$ 2,500
Flynt bequest	48,933	46,178
Community movie	500	-
2022-23 Campaign	3,592	-
Annual meeting	1,100	1,000
Total	$ 56,625	$ 49,678

9. Leases

The Organization entered into lease agreement for office space during the period October 1, 2017 through September 30, 2019 at $500 per month. The Organization is continuing to rent the office space on a month-to-month basis at $500 per month until a new lease is entered into. Rent expense was $6,000 for the years ended September 30, 2023 and 2022.

The Organization subleases certain office space to another organization at $250 per month. This lease agreement is month-to-month. Rental income was $3,000 for the years ended September 30, 2023 and 2022.

10. Concentrations of credit risk

The Organization maintains cash balances at three financial institutions in Massachusetts. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. Two of the banks are also members of the Depositor's Insurance Fund (DIF), which insures all cash balances in excess of the FDIC limit. There are no uninsured cash balances at September 30, 2023.

Investment securities are exposed to various risks such as interest rate, market and credit. Due to the level of uncertainty related to changes in interest rates, market volatility and credit risks, it is at least reasonably possible that the changes in these risks could materially affect the fair value of investments and related activity reported on the financial statements.