

**CONCORD-CARLISLE SCHOLARSHIP FUND, INC.**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**WITH INDEPENDENT AUDITORS' REPORT THEREON**

**CONCORD-CARLISLE SCHOLARSHIP FUND, INC.  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**TABLE OF CONTENTS**

	<u>PAGE</u>
Independent Auditors' Report on Financial Statements	1
Statement of Financial Position	2
Statement of Activities and Changes in Net Assets	3
Statement of Cash Flows	4
Statement of Functional Expenses	5
Notes to the Financial Statements	6-11

# Bruce D. Norling, CPA, P.C.

## Independent Auditors' Report

To the Board of Directors of  
Concord-Carlisle Scholarship Fund, Inc.  
Concord, MA

We have audited the accompanying statement of financial position of Concord-Carlisle Scholarship Fund, Inc., a non-profit organization, as of December 31, 2011, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2010 financial statements and, in our report dated March 8, 2011 we issued an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Concord-Carlisle Scholarship Fund, Inc., as of December 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Bruce D. Norling, CPA, P.C.*

March 14, 2012

**CONCORD-CARLISLE SCHOLARSHIP FUND, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2011**  
**(With Comparative Totals for December 31, 2010)**

<b>ASSETS</b>	<b><u>2011</u></b>	<b><u>2010</u></b>
Assets		
Cash and Cash Equivalents	\$ 394,786	\$ 339,435
Marketable Debt Securities	365,017	478,324
Marketable Equity Securities	1,387,911	1,375,525
Accounts Receivables	<u>2,302</u>	<u>855</u>
<b>Total Assets</b>	<b>\$ <u><u>2,150,017</u></u></b>	<b>\$ <u><u>2,194,139</u></u></b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accrued Expenses	\$ <u>5,850</u>	\$ <u>5,000</u>
<b>Total Liabilities</b>	<b><u><u>5,850</u></u></b>	<b><u><u>5,000</u></u></b>
Net Assets		
Unrestricted Net Assets	379,837	497,194
Permanently Restricted Net Assets	<u>1,764,330</u>	<u>1,691,945</u>
<b>Total Net Assets</b>	<b><u><u>2,144,167</u></u></b>	<b><u><u>2,189,139</u></u></b>
<b>Total Net Assets and Liabilities</b>	<b>\$ <u><u>2,150,017</u></u></b>	<b>\$ <u><u>2,194,139</u></u></b>

See Accompanying Notes to Financial Statements

**CONCORD-CARLISLE SCHOLARSHIP FUND, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR YEAR ENDED DECEMBER 31, 2011**  
**(With Comparative Totals for December 31, 2010)**

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>2011 Total</u>	<u>2010 Total</u>
Revenue:				
Contributions	\$ 117,982	\$ 78,385	\$ 196,367	\$ 230,214
Total Revenue	<u>117,982</u>	<u>78,385</u>	<u>196,367</u>	<u>230,214</u>
Expenses:				
Program Service	176,500	-	176,500	173,300
Fund Raising	9,397	-	9,397	6,564
Management and General	8,145	-	8,145	10,555
Total Expenses	<u>194,042</u>	<u>-</u>	<u>194,042</u>	<u>190,419</u>
Change in Net Assets from Operating Activities	<u>(76,060)</u>	<u>78,385</u>	<u>2,325</u>	<u>39,795</u>
Other Income (Loss)				
Interest and Dividend Income	41,165	-	41,165	44,765
Net Realized Gain (Loss) on Investments	70,428	-	70,428	(4,509)
Net Unrealized Gain (Loss) on Investments	(148,552)	-	(148,552)	190,795
Investment Management Fees	(10,338)	-	(10,338)	(8,195)
Total Other Income (Loss)	<u>(47,297)</u>	<u>-</u>	<u>(47,297)</u>	<u>222,856</u>
Change in Net Assets	(123,357)	78,385	(44,972)	262,651
Re-allocation of Endowment by Donors	6,000	(6,000)	-	-
Net Assets, Beginning of Year	<u>497,194</u>	<u>1,691,945</u>	<u>2,189,139</u>	<u>1,926,488</u>
Net Assets, End of Year	<u>\$ 379,837</u>	<u>\$ 1,764,330</u>	<u>\$ 2,144,167</u>	<u>\$ 2,189,139</u>

See Accompanying Notes to Financial Statements

**CONCORD-CARLISLE SCHOLARSHIP FUND, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**  
**(With Comparative Totals for December 31, 2010)**

	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets from Operating Activities	\$ 2,325	\$ 39,795
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities -		
Decrease (Increase) in Accounts Receivable	(1,447)	1,219
(Increase) Decrease in Accrued Expenses	<u>(850)</u>	<u>(5,000)</u>
Net Cash Provided by (Used in) Operating Activities	<u>27</u>	<u>36,014</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest and Dividend Income	41,165	44,765
Proceeds from Investments Sold	1,545,564	286,373
Purchase of Investments	<u>(1,531,405)</u>	<u>(174,188)</u>
Net Cash Provided by (Used in) Investing Activities	<u>55,324</u>	<u>156,950</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>55,351</b>	<b>192,964</b>
CASH, Beginning of Year	<u>339,435</u>	<u>146,471</u>
CASH, End of Year	<u>\$ 394,786</u>	<u>\$ 339,435</u>

See Accompanying Notes to Financial Statements

**CONCORD-CARLISLE SCHOLARSHIP FUND, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**  
**(With Comparative Totals for December 31, 2010)**

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>2011 Total</u>	<u>2010 Total</u>
Scholarship Expense	\$ 176,500	\$ -	\$ -	\$ 176,500	\$ 173,300
Stationery, Printing and Postage	-	-	8,969	8,969	6,184
Professional Fees	-	5,850	-	5,850	7,250
Phonathon	-	-	427	427	380
Insurance and Bond	-	950	-	950	950
Office Expenses	-	745	-	745	1,880
Dues and Fees	-	350	-	350	350
Filing Fees	-	250	-	250	125
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Expenses	<u>\$ 176,500</u>	<u>\$ 8,145</u>	<u>\$ 9,397</u>	<u>\$ 194,042</u>	<u>\$ 190,419</u>

See Accompanying Notes to Financial Statements

**CONCORD-CARLISLE SCHOLARSHIP FUND, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**  
**(With Comparative Totals for December 31, 2010)**

**1. NATURE OF ORGANIZATION**

The Concord-Carlisle Scholarship Fund, Inc. (the Fund) was established in 1966 to assist deserving young men and women from the Concord-Carlisle community, in obtaining, the benefit of the educational opportunities which may be open to them after completion of their secondary school studies. The Fund is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Revenues are derived principally from contributions and investment activities.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Fund have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

**Financial Statement Presentation**

Net assets and revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

*Permanently restricted net assets* - Net assets subject to donor-imposed stipulations that they be maintained in perpetuity by the Fund. The balance at December 31, 2011 represents contributions related to scholarships. Investment income earned can be used annually to support the purpose of the Fund.

*Temporarily restricted net assets* - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Fund and/or the passage of time.

*Unrestricted net assets* - Net assets not subject to donor-imposed stipulations. All funds over which the Board of Directors has discretionary control have been included in unrestricted net assets.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions and/or time restrictions. Revenues are reported as unrestricted net assets if the donor-imposed restrictions are met in the same reporting period. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or law. Expirations of temporary restrictions on net assets are reported as reclassifications between the applicable classes of net assets.

**CONCORD-CARLISLE SCHOLARSHIP FIND, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**  
**(With Comparative Totals for December 31, 2010)**

Expirations of temporary restrictions occur when donor-imposed restrictions are fulfilled to the extent of the expense incurred unless the expense is for a purpose that is directly attributable to another specified external source of revenue.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Contributions subject to donor-imposed stipulations that are met in the same reporting period are reported as unrestricted support. Unconditional promises to give with due dates scheduled after the balance sheet date are shown as increases in temporarily restricted net assets and are reclassified to unrestricted net assets when the related purpose or time restrictions are met. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of gift.

**Contributed Services**

No amounts have been reflected in the financial statements for donated services. The Fund generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Fund with campaign solicitations and various committee assignments.

**Cash and Cash Equivalents**

The Fund considers all highly liquid investments with maturity of three months or less when purchased to be "cash equivalents" and other certificates of deposit with longer maturity whose early withdrawal fee would be considered immaterial.

**Investments**

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. Investment income or loss (including gains and losses on investments, interest and dividends) is included in the statement of activities and Changes in net assets as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

**Fair Value Measurements**

The Organization determines the fair market values of its financial assets and liabilities, as well as non-financial assets and liabilities that are recognized or disclosed at fair value on a recurring basis, based on the following fair value hierarchy established in

**CONCORD-CARLISLE SCHOLARSHIP FUND, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**  
**(With Comparative Totals for December 31, 2010)**

accordance with generally accepted accounting principles.

**Level 1:** Quoted prices in active markets for identical assets or liabilities the Organization has the ability to access.

**Level 2:** Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of model or other valuation methodologies. Level 2 also includes practical expedient investments with notice periods for redemption of 90 days or less.

**Level 3:** Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation. Level 3 also included practical expedient investments with notice periods for redemption of more than 90 days.

Effective July 1, 2009, the Organization is required to apply the provisions of U.S. generally accepted accounting principles to fair value measurements for nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a non-recurring basis. The Organization has no nonfinancial assets or liabilities required to be accounted for on a non-recurring basis as of December 31, 2011.

Fair values of financial instruments for which the Organization did not elect the fair value option includes cash and cash equivalents, receivables, and accounts payable. Certain of these instruments are short term in nature and accordingly fair values are estimated to approximate carrying values.

### **Restricted Net Assets**

The Fund accepts contributions in memory of or in honor of individuals (Named Funds). All contributions into the Named Funds become part of the permanent, protected endowment and are classified as restricted net assets. Earnings generated from the protected endowment are distributed as scholarships. Any undistributed earnings are residually classified as unrestricted net assets.

Additionally, during the year ended December 31, 2011, \$6,000 in restricted net assets was re-classified to unrestricted net assets as requested by donors.

### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that

**CONCORD-CARLISLE SCHOLARSHIP FUND, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**  
**(With Comparative Totals for December 31, 2010)**

affect certain reported amounts and disclosures. Actual results may differ from the estimates.

**Nonprofit Status and Income Taxes**

The Fund qualifies as an organization formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code and, therefore, is not subject to income tax. The Fund is not a private foundation under Section 509(a)(1). Certain unrelated business income as defined in the Internal Revenue Code, is subject to federal income tax. For the year ended December 31, 2011, there was no liability for tax on unrelated business income

On January 1, 2010, the Fund adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles in the United States, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Fund has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Fund believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Fund's financial condition, results of operations or cash flows. Accordingly, the Fund has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2011. The Fund's policy is to classify income tax related interest and penalties in operating expenses.

The Fund is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Fund's federal and state income tax returns are generally open to examination for the last three years.

**2010 Comparative Information**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Fund's financial statements for the year ended December 31, 2010, from which the summarized information was derived.

**CONCORD-CARLISLE SCHOLARSHIP FIND, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**  
**(With Comparative Totals for December 31, 2010)**

**3. FAIR VALUE OF INVESTMENTS**

Most investments are held by Wells Fargo Advisors. Wells Fargo Advisors is custodian for the purposes of holding investments, collecting associated earnings and making distributions. The Treasurer, the seven-member investment committee, which includes individuals with investment experienced, along with the Wells Fargo advisor are responsible for making investments.

The market values at December 31, 2011 and 2010 are as follows:

	<b>Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>
	<b>2011</b>	<b>2011</b>	<b>2010</b>	<b>2010</b>
Equity Securities	1,333,855	1,333,855	1,322,949	1,322,949
Individual Equities	<u>54,056</u>	<u>54,056</u>	<u>52,576</u>	<u>52,576</u>
Total Equity Securities	1,387,911	1,387,911	1,375,525	1,375,525
Debt Securities	<u>365,017</u>	<u>365,017</u>	<u>478,324</u>	<u>478,324</u>
	<u>\$ 1,752,928</u>	<u>\$ 1,752,928</u>	<u>\$ 1,853,849</u>	<u>\$ 1,853,849</u>

Investment income from cash equivalents and investments is comprised of the following for the year ended December 31, 2011 and 2010 respectively:

	<b><u>2011</u></b>	<b><u>2010</u></b>
Dividend & Interest	\$41,165	\$44,765
Net Unrealized Gains (Losses)	(148,552)	190,795
Net Realized Gains (Losses)	<u>70,428</u>	<u>(4,509)</u>
<b>Total Investment Income (Loss)</b>	<b><u>(\$36,959)</u></b>	<b><u>\$231,051</u></b>

**CONCORD-CARLISLE SCHOLARSHIP FUND, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**  
**(With Comparative Totals for December 31, 2010)**

Expenses relating to investments, including custodial fees and investment advisory fees, amounted to \$10,338 and \$8,195 in 2011 and 2010 respectively and have been netted against investment revenues in the accompanying Statement of Activities and Changes in Net Assets.

**4. PERMANENT ENDOWMENT FUNDS**

Permanent endowments consist of contributions in memory of or in honor of individuals and are classified as restricted assets. Activity in the permanent endowment funds is summarized below:

	<u>2011</u>	<u>2010</u>
Balance, Beginning of year	\$1,691,945	\$1,590,602
Additions	78,385	108,343
Reclassified to Unrestricted at Donors' Request	<u>(6,000)</u>	<u>(7,000)</u>
<b>Balance at End of Year</b>	<b><u>\$1,764,330</u></b>	<b><u>\$1,691,945</u></b>

**5. CONCENTRATION OF CREDIT AND MARKET RISK**

Financial instruments, which potentially expose the Fund to concentrations of credit risk consist of temporary cash investments and marketable securities. The Fund places its investments with high quality financial institutions and reputable investment companies

to reduce credit risk. The Fund's investments are in a diverse portfolio as detailed elsewhere in the notes. The Fund's exposure to credit risk is directly impacted by fluctuations in trading markets. The Fund's cash accounts are held at one institution and are fully insured by the Federal Deposit Insurance Corporation up to \$250,000.

**6. SUBSEQUENT EVENTS**

The Fund did not have any recognized or non-recognized subsequent events after December 31, 2011, the date of the statement of financial position. Subsequent events have been evaluated through March 14, 2012, the date the financial statements were available to be issued.