

# The Lenny Zakim Fund

Financial Report

December 31, 2015 and 2014

# The Lenny Zakim Fund

FINANCIAL STATEMENTS  
Years Ended December 31, 2015 and 2014

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## Independent Auditor's Report

RSM US LLP

To the Board of Directors  
The Lenny Zakim Fund  
Boston, Massachusetts

### Report on the Financial Statements

We have audited the accompanying financial statements of The Lenny Zakim Fund which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended and the related notes to the financial statements (collectively, the financial statements).

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Lenny Zakim Fund as of December 31, 2015 and 2014, 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.

*RSM US LLP*

Boston, Massachusetts  
November 14, 2016

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# The Lenny Zakim Fund

Statements of Financial Position

December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash	\$ 1,428,494	\$ 585,276
Contributions receivable	65,000	-
Employee receivable	14,625	-
Prepaid expenses	3,250	6,250
Investments, at fair value	<u>3,578,947</u>	<u>3,720,194</u>
 Total assets	 <u>\$ 5,090,316</u>	 <u>\$ 4,311,720</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Agency custodial accounts	\$ 31,061	\$ 31,061
Total liabilities	<u>31,061</u>	<u>31,061</u>
Net assets:		
Unrestricted	1,410,654	541,965
Temporarily restricted	1,194,163	1,303,756
Permanently restricted	<u>2,454,438</u>	<u>2,434,938</u>
Total net assets	<u>5,059,255</u>	<u>4,280,659</u>
 Total liabilities and net assets	 <u>\$ 5,090,316</u>	 <u>\$ 4,311,720</u>

See notes to financial statements.

# The Lenny Zakim Fund

Statements of Activities

Years Ended December 31, 2015 and 2014

	2015				2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and support:								
Contributions	\$ 1,838,438	\$ 69,654	\$ 19,500	\$ 1,927,592	\$ 709,093	\$ 15,000	\$ 61,500	\$ 785,593
Contributed services and facilities, at fair value	1,121,343	-	-	1,121,343	70,480	-	-	70,480
Investment income, net	-	207,395	-	207,395	-	201,055	-	201,055
Net realized and unrealized (losses) gains on investments	-	(317,642)	-	(317,642)	-	54,185	-	54,185
Net assets released from restrictions	15,000	(15,000)	-	-	85,000	(85,000)	-	-
Appropriation of investment earnings for expenditure	54,000	(54,000)	-	-	52,000	(52,000)	-	-
Interest income	210	-	-	210	157	-	-	157
	<b>3,028,991</b>	<b>(109,593)</b>	<b>19,500</b>	<b>2,938,898</b>	<b>916,730</b>	<b>133,240</b>	<b>61,500</b>	<b>1,111,470</b>
Expenses:								
Program services	661,535	-	-	661,535	634,634	-	-	634,634
Management and general	136,281	-	-	136,281	114,248	-	-	114,248
Fundraising	1,362,486	-	-	1,362,486	95,854	-	-	95,854
	<b>2,160,302</b>	<b>-</b>	<b>-</b>	<b>2,160,302</b>	<b>844,736</b>	<b>-</b>	<b>-</b>	<b>844,736</b>
Change in net assets	868,689	(109,593)	19,500	778,596	71,994	133,240	61,500	266,734
Net assets, beginning of year	541,965	1,303,756	2,434,938	4,280,659	469,971	1,170,516	2,373,438	4,013,925
Net assets, end of year	<b>\$ 1,410,654</b>	<b>\$ 1,194,163</b>	<b>\$ 2,454,438</b>	<b>\$ 5,059,255</b>	<b>\$ 541,965</b>	<b>\$ 1,303,756</b>	<b>\$ 2,434,938</b>	<b>\$ 4,280,659</b>

See notes to financial statements.

# The Lenny Zakim Fund

## Statements of Cash Flows

Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ 778,596	\$ 266,734
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized losses (gains) on investments	317,642	(54,185)
Contributions restricted to permanent endowment	(19,500)	(61,500)
Donated Securities	(42,187)	(1,570)
Proceeds from sale of donated securities	42,187	1,570
Changes in assets and liabilities:		
Decrease (increase) in prepaid expenses	3,000	(6,250)
(Increase) decrease in contributions receivable	(65,000)	60,000
Increase in employee receivable	(14,625)	-
Net cash provided by operating activities	<u>1,000,113</u>	<u>204,799</u>
Cash flows from investing activities:		
Purchases of investments	(397,555)	(806,509)
Proceeds from sales of investments	221,160	599,454
Net cash used in investing activities	<u>(176,395)</u>	<u>(207,055)</u>
Cash flows from financing activities:		
Contributions restricted to permanent endowment	19,500	61,500
Net cash provided by financing activities	<u>19,500</u>	<u>61,500</u>
Net increase in cash	843,218	59,244
Cash, beginning of year	<u>585,276</u>	526,032
Cash, end of year	<u>\$ 1,428,494</u>	<u>\$ 585,276</u>

See notes to financial statements.

# The Lenny Zakim Fund

## Notes to Financial Statements

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### 1. ORGANIZATION AND OPERATIONS

The Lenny Zakim Fund (the "Fund"), formerly The Lenny Fund, is a not-for-profit organization which provides resources that enable and empower people and communities to effectively address social and economic injustice. The Fund supports organizations that improve educational opportunities for children, youth and immigrants; promote positive youth development and prevent violence; promote social and economic justice and human and civil rights; and serve people facing medical challenges and/or physical or cognitive disabilities. The Fund supports organizations through financial grants, education, management assistance and coaching, and networking.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting and in accordance with accounting standards set by the Financial Accounting Standards Board ("FASB"). The FASB sets generally accepted accounting principles ("GAAP") to ensure financial condition, results of operations, and cash flows are consistently reported. References to GAAP issued by the FASB in these footnotes are to the FASB Accounting Standards Codification ("FASB ASC").

The financial statements of the Fund have been prepared on the accrual basis of accounting. A summary of the significant accounting policies applied in the preparation of the financial statements follows.

#### Classification and Reporting of Net Assets

The financial statement presentation follows FASB ASC 958, *Not-for-Profit Entities* ("ASC 958"). Under ASC 958, the Fund is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

- Unrestricted net assets represent the portion of net assets of the Fund that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations.
- Temporarily restricted net assets represent contributions and other inflows of assets whose use by the Fund is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Fund pursuant to those stipulations. Temporarily restricted net assets also include, under Massachusetts law, cumulative appreciation and investment earnings on restricted endowment funds, which are subject to prudent appropriation by the Board of Directors.
- Permanently restricted net assets represent contributions and other inflows of assets whose use by the Fund is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Fund.

The Fund reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets or have an implied time restriction. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are released to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

# The Lenny Zakim Fund

## Notes to Financial Statements

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

#### Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts 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.

#### Liquidity

In order to provide information about liquidity, assets are sequenced according to their nearness of conversion to cash and liabilities according to the nearness of their estimated maturity.

#### Cash and Cash Equivalents

The Fund considers cash and cash equivalents to be currency on hand or deposits and short-term investments with maturities of three months or less at the time of purchase. Cash and cash equivalents designated for long-term purposes or received with donor-imposed restrictions limiting their use to long-term purposes are not considered cash and cash equivalents for purposes of the statements of cash flows. Such amounts are reported as a component of investments in the statements of financial position.

#### Concentration of Credit Risk and Operations

The Fund maintains its cash in bank deposit accounts and money market accounts, which may at times exceed federally insured limits. The Fund has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

The Fund received \$1,927,592 and \$785,593 of contributions during 2015 and 2014, respectively. There were two fundraising events that provided 77% of total contributions for the year ended December 31, 2015. There was one fundraising event that provided 22% of total contributions for the year ended December 31, 2014. There were no donors who provided more than 10% of total contributions for the years ended December 31, 2015 and 2014.

During the years ended December 31, 2015 and 2014, the Fund received approximately 20% and 11%, respectively, of its total contributions from members of the Board of Directors.

#### Contributions

Contributions, including unconditional promises to give, are initially recognized as revenues at fair value in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value as of the date the gift is received. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the unrestricted net asset class.

Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.



# The Lenny Zakim Fund

## Notes to Financial Statements

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

#### Contributions...continued

An allowance for uncollectible contributions receivable is provided based upon management's judgment of potential defaults. The determination includes such factors as prior collection history, type of contribution, and nature of fund-raising activity. At December 31, 2015 and 2014, there was no allowance for uncollectible contributions.

In November 2015, the Fund held a major fundraising event to celebrate the 20<sup>th</sup> anniversary of the Fund. This fundraising event, was a one-time event, which resulted in significant contributions and contributed services for the year ended December 31, 2015.

#### Investments and Investment Earnings

All investments have been reported in the financial statements at fair value. Investment income and realized and unrealized gains and losses on long-term investments are reported as follows:

- Increases and decreases in permanently restricted net assets if the donor has stipulated that these to be added to or deducted from the principal;
- Increases and decreases in temporarily restricted net assets if:
  - it is income or a realized or unrealized gain or loss related to a permanently restricted contribution;
  - the donor has stipulated, or the Fund's interpretation of relevant state law, imposes restrictions on the use of the income and gains;
- In the event losses are incurred and temporarily restricted net assets are not sufficient then unrestricted net assets will be decreased; and
- Increases and decreases in unrestricted net assets in all other cases.

Purchases and sales of securities are recorded on trade dates, and realized gains and losses are determined on the basis of the average cost of securities sold. Investment income and net realized and unrealized gains are reflected in the statement of activities.

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the combined balance sheets and statements of operations and changes in net assets.

The Fund follows 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 of Institutional Funds Act of 2006 ("UPMIFA"). UPMIFA is a model act approved by the Uniform Law Commission that serves as a guideline for states to use in enacting legislation. The guidance also requires disclosures about an organization's endowment funds.

Historically, the Fund has relied upon the Massachusetts Attorney General's interpretation of relevant state law as generally permitting the spending of gains and investment income on permanently restricted net assets over a stipulated period of time. State law allows the Board of Directors to appropriate a specified percentage of investment income and the net appreciation as deemed prudent considering the Fund's long and short-term needs, present and anticipated financial requirements, expected total return on its investments, price level trends and general economic conditions.

# The Lenny Zakim Fund

## Notes to Financial Statements

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

#### Investments and Investment Earnings...continued

##### Description of Board of Directors' Interpretation of UPMIFA, that Underlies the Fund's Net Asset Classification of Donor Restricted Funds

The Board of Directors of the Fund has interpreted the Massachusetts 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 Fund classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts 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 Fund in a manner that is consistent with the standards of prudence prescribed by the Massachusetts UPMIFA and in accordance with the Fund's spending policy.

##### Return Objectives, Risk Parameters and Strategies Employed for Achieving Objectives

The Fund has adopted investment and spending policies, approved by the Board of Directors, 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 these endowment assets over the long-term. The Fund's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through asset class and industry diversification. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the Fund 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 Fund targets a diversified asset allocation that places an emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

##### Spending Policy and How the Investment Objectives Relate to Spending Policy

The Fund's spending policy involves the utilization of a spending rate determined at the discretion of the Boards of Directors, not to exceed a spending rate of 7% of the rolling four year average of the appreciation of the market value over historic costs of permanently restricted investments. As a result of that calculation, a portion of cumulative investment earnings (including realized and unrealized gains and investment income) would be allocated to unrestricted net assets. During the year ended December 31, 2015 and 2014, the Board appropriated \$54,000 and \$52,000 of investment earnings, respectively, to unrestricted net assets under their spending policy.

# The Lenny Zakim Fund

## Notes to Financial Statements

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

#### Agency Transactions

Agency custodial accounts on the statement of financial position represent the value of funds received by the Fund on behalf of a donor who determines the beneficiary of the funds. The related asset recognized by the Fund is included in cash on the accompanying statement of financial position. The Fund's policy is to recognize the funds received and an offsetting liability until the funds are distributed to the ultimate beneficiary, at which time the asset and liability are removed from the Fund's books.

#### Contributed Services and Facilities

The Fund recognizes as unrestricted revenues and expenses the estimated fair value of those contributed services that meet the following criteria:

- The services received either create or enhance nonfinancial assets, or
- The services received require specialized skills and are provided by individuals possessing those skills, and the services received would typically need to be purchased if not provided by contribution.

In addition, the Fund recognizes the fair value of contributed facilities as unrestricted revenues and expenses.

#### Grants

The Fund makes grants to individuals and organizations in support of the Fund's mission. The amount for which the Fund is obligated is recorded upon the Board of Directors' approval. At December 31, 2015 and 2014, there were no grants payable outstanding as grants are approved by the Board of Directors' and paid during the same fiscal year.

#### Functional Allocation of Expenses

The costs of providing the Fund's programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among program and supporting services benefited. Expenses directly related to the programs are charged to those programs while other expenses are allocated based upon management's estimate of the percentage attributable to each program.

#### Income Taxes

The Fund is a nonprofit organization, which is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

The Fund follows the FASB ASC 740, *Income Taxes*, which clarifies the accounting for uncertainty in income taxes by prescribing the recognition threshold a tax position is required to meet before being recognized in the financial statements. The Fund recognizes a tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by authorities. Management has evaluated the Fund's tax positions and has concluded that the Fund has no material uncertainties in income taxes. With few exceptions, the Fund is no longer subject to income tax examination by the U.S., federal, state or local tax authorities for years before 2012. The Fund will account for interest and penalties related to uncertain tax positions, if any, as part of tax expense.

# The Lenny Zakim Fund

## Notes to Financial Statements

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

#### Recently Issued Accounting Pronouncement

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts (Topic 606): Deferral of the Effective Date*, which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. The Fund has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on the financial statements.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The ASU simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. The ASU is effective for fiscal years beginning after December 15, 2017. Early adoption is permitted. The Fund is currently evaluating the effect that the updated standard will have on the financial statements.

### 3. CONTRIBUTION RECEIVABLE

At December 31, 2015, there were contributions receivable of \$65,000, which are expected to be collected within the next year. At December 31, 2014, there were no contributions receivable.

As of December 31, 2015, there was one donor who accounted for 100% of contributions receivable.

### 4. RELATED PARTY TRANSACTIONS

As of December 31, 2015, there were employee receivables of \$14,625, which are expected to be collected within the next year. There were no employee receivables as of December 31, 2014.

### 5. RETIREMENT PLAN

The Fund provides a 401(k) retirement savings plan (the "Plan") covering substantially all of its employees. All full-time salaried employees with one full year of service are eligible to participate. Under the terms of the Plan, employees may contribute a percentage of their salary, up to a maximum of 100%, or a dollar amount prescribed by the Internal Revenue Service, which is then invested in a wide array of core investment options selected by the employee. The Fund contributes 3 percent of the employee's salary. The contribution made by the Fund for the years ended December 31, 2015 and 2014 totaled \$4,015 and \$3,136, respectively.

# The Lenny Zakim Fund

## Notes to Financial Statements

### 6. INVESTMENTS

Investments consisted of the following at December 31:

	2015		2014	
	Cost	Fair Value	Cost	Fair Value
Mutual funds	\$ 3,083,260	\$ 3,439,430	\$ 2,925,827	\$ 3,540,031
Money market funds	60,293	60,293	90,073	90,073
Domestic equity securities	<u>35,066</u>	<u>79,224</u>	<u>35,066</u>	<u>90,090</u>
	<u>\$ 3,178,619</u>	<u>\$ 3,578,947</u>	<u>\$ 3,050,966</u>	<u>\$ 3,720,194</u>

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

	2015	2014
Interest and dividends	\$ 220,218	\$ 213,322
Net realized and unrealized gains (losses)	(317,642)	54,185
Management fees	<u>(12,823)</u>	<u>(12,267)</u>
Investment (loss) return	<u>\$ (110,247)</u>	<u>\$ 255,240</u>

### 7. FAIR VALUE MEASUREMENTS

Under the FASB's authoritative guidance on fair value measurements, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Fund uses the market approach method. Based on this approach, the Fund often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Fund utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Fund is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1 - Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.
- Level 2 - Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data. Level 2 also includes derivative contracts whose value is determined using a pricing model with observable market inputs or can be derived principally from or corroborated by observable market data.
- Level 3 - Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation; also includes observable inputs for nonbinding single dealer quotes not corroborated by observable market data.

# The Lenny Zakim Fund

## Notes to Financial Statements

### 7. FAIR VALUE MEASUREMENTS...continued

While the Fund believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The Fund has various processes and controls in place to ensure that fair value is reasonably estimated.

During the years ended December 31, 2015 and 2014, there were no changes to the Fund's valuation techniques that had, or are expected to have, a material impact on its financial position or statement of activities.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for instruments measured at fair value:

#### Mutual Funds and Domestic Equity Securities

The fair value of mutual funds, domestic equity securities and money market funds is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers.

#### Money Market Funds

Money market funds are open ended funds that generally have subscription and redemption activity at \$1.00 stable net asset value ("NAV"). On a daily basis the fund's NAV is calculated using the amortized cost of the securities held in the fund and are classified as Level 1 under the fair value hierarchy.

The following table is a summary of investments that the Fund measures at fair value on a recurring basis, by level, at December 31, 2015:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds:				
Blend funds	\$ 749,570	\$ 749,570	\$ -	\$ -
Bond funds	591,730	591,730	-	-
Growth funds	1,589,765	1,589,765	-	-
Value funds	<u>508,365</u>	<u>508,365</u>	-	-
Total mutual funds	3,439,430	3,439,430	-	-
Money market funds	60,293	60,293	-	-
Domestic equity securities	<u>79,224</u>	<u>79,224</u>	-	-
Total investments	<u>\$ 3,578,947</u>	<u>\$ 3,578,947</u>	<u>\$ -</u>	<u>\$ -</u>

# The Lenny Zakim Fund

## Notes to Financial Statements

### 7. FAIR VALUE MEASUREMENTS...continued

The following table is a summary of investments that the Fund measures at fair value on a recurring basis, by level, at December 31, 2014:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds:				
Blend funds	\$ 654,371	\$ 654,371	\$ -	\$ -
Bond funds	598,716	598,716	-	-
Growth funds	1,678,891	1,678,891	-	-
Value funds	<u>608,053</u>	<u>608,053</u>	-	-
Total mutual funds	3,540,031	3,540,031	-	-
Money market funds	90,073	90,073	-	-
Domestic equity securities	<u>90,090</u>	<u>90,090</u>	-	-
Total investments	<u>\$ 3,720,194</u>	<u>\$ 3,720,194</u>	<u>\$ -</u>	<u>\$ -</u>

There were no transfers between fair value hierarchy levels as of December 31, 2015 and 2014.

### 8. ENDOWMENT NET ASSETS

Following is a summary of donor restricted endowment net asset composition by type of fund as of December 31, 2015:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowment net assets	<u>\$ 1,124,509</u>	<u>\$ 2,454,438</u>	<u>\$ 3,578,947</u>

Following is a summary of donor restricted endowment net asset composition by type of fund as of December 31, 2014:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowment net assets	<u>\$ 1,288,756</u>	<u>\$ 2,434,938</u>	<u>\$ 3,723,694</u>

# The Lenny Zakim Fund

## Notes to Financial Statements

### 8. ENDOWMENT NET ASSETS...continued

Following is a summary of the changes in endowment net assets for the year ended December 31, 2015 and 2014:

	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment net assets, December 31, 2013	<u>\$ 1,085,516</u>	<u>\$ 2,373,438</u>	<u>\$ 3,458,954</u>
Contributions	<u>-</u>	<u>61,500</u>	<u>61,500</u>
Investment return:			
Investment income, net	201,055	-	201,055
Net realized/unrealized gains	<u>54,185</u>	<u>-</u>	<u>54,185</u>
Total investment return	<u>255,240</u>	<u>-</u>	<u>255,240</u>
Appropriation of investment earnings for expenditure	<u>(52,000)</u>	<u>-</u>	<u>(52,000)</u>
Donor restricted endowment net assets, December 31, 2014	<u>1,288,756</u>	<u>2,434,938</u>	<u>3,723,694</u>
Contributions	<u>-</u>	<u>19,500</u>	<u>19,500</u>
Investment return:			
Investment income, net	207,395	-	207,395
Net realized/unrealized losses	<u>(317,642)</u>	<u>-</u>	<u>(317,642)</u>
Total investment return	<u>(110,247)</u>	<u>-</u>	<u>(110,247)</u>
Appropriation of investment earnings for expenditure	<u>(54,000)</u>	<u>-</u>	<u>(54,000)</u>
Donor restricted endowment net assets, December 31, 2015	<u>\$ 1,124,509</u>	<u>\$ 2,454,438</u>	<u>\$ 3,578,947</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donor requires the Fund to retain. Deficiencies of this nature are reported in unrestricted net assets. Investment return will flow through unrestricted until the deficiency has been restored. Once the deficiency is restored, the remaining investment return will flow through temporarily restricted. There were no deficiencies at December 31, 2015 and 2014.

### 9. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets as of December 31, 2015 and 2014 consist of permanently restricted gifts received for the support of the mission of the Fund.

### 10. NET ASSETS RELEASED FROM DONOR RESTRICTIONS

The net assets released from restrictions at December 31 consisted of the following:

	2015	2014
Purpose restrictions	\$ 15,000	\$ 25,000
Time restrictions	<u>-</u>	<u>60,000</u>
	<u>\$ 15,000</u>	<u>\$ 85,000</u>



# The Lenny Zakim Fund

## Notes to Financial Statements

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### 11. TEMPORARILY RESTRICTED NET ASSETS

The temporarily restricted net assets of the Fund at December 31 consisted of the following:

	<u>2015</u>	<u>2014</u>
Accumulated and unappropriated investment earnings	\$ 1,124,509	\$ 1,288,756
Contributions restricted for specific purposes	4,654	15,000
Contributions receivable	<u>65,000</u>	<u>-</u>
	<u>\$ 1,194,163</u>	<u>\$ 1,303,756</u>

### 12. CONTRIBUTED SERVICES AND FACILITIES

Contributed services and facilities are reported at fair value and included the following for the years ended December 31:

	<u>2015</u>	<u>2014</u>
Auditing and tax services	\$ 38,350	\$ 36,600
Office space	20,000	20,000
Accounting services	5,500	5,500
Printing and production services	57,493	8,380
Professional entertainment	<u>1,000,000</u>	<u>-</u>
	<u>\$ 1,121,343</u>	<u>\$ 70,480</u>

The office space is contributed by a law firm. Certain members of the Board of Directors of the Fund are employed by this law firm.

Accounting services are contributed by a company owned by certain members of the Board of Directors.

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Fund in carrying out its mission. No value for these volunteer hours is included in the total for contributed services.

# The Lenny Zakim Fund

## Notes to Financial Statements

### 13. FUNCTIONAL EXPENSES

For the year ended December 31, 2015, expenses were incurred for the following:

	Program Services	Management and General	Fundraising	Total
Contributed services	\$ -	\$ 43,850	\$ 1,057,493	\$ 1,101,343
Grants awarded	541,460	-	-	541,460
Program/event	18,723	5,773	248,031	272,527
Payroll wages and taxes	85,935	41,005	41,264	168,204
Contributed office space	-	20,000	-	20,000
Other expenses	8,398	7,067	2,465	17,930
Office expense	5,383	7,019	1,815	14,217
Printing and reproduction	129	438	9,786	10,353
Bank service charges	-	9,753	-	9,753
Professional fees	1,507	1,000	-	2,507
Postage and delivery	-	36	1,632	1,668
Payroll service fees	-	340	-	340
	<u>\$ 661,535</u>	<u>\$ 136,281</u>	<u>\$ 1,362,486</u>	<u>\$ 2,160,302</u>

For the year ended December 31, 2014, expenses were incurred for the following:

	Program Services	Management and General	Fundraising	Total
Grants awarded	\$ 501,750	\$ -	\$ -	\$ 501,750
Payroll wages and taxes	94,948	26,894	37,712	159,554
Program/event	27,423	2,187	46,762	76,372
Contributed services	-	44,064	6,416	50,480
Contributed office space	-	20,000	-	20,000
Other expenses	5,733	6,525	1,049	13,307
Office expense	2,941	3,188	2,468	8,597
Bank service charges	-	5,211	-	5,211
Printing and reproduction	171	666	888	1,725
Professional fees	1,668	5,456	-	7,124
Postage and delivery	-	57	559	616
	<u>\$ 634,634</u>	<u>\$ 114,248</u>	<u>\$ 95,854</u>	<u>\$ 844,736</u>

### 14. SUBSEQUENT EVENTS

The Fund has evaluated subsequent events through November 14, 2016, the date the financial statements were available to be issued.