

CONCORD-CARLISLE SCHOLARSHIP FUND, INC.

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

WITH INDEPENDENT AUDITORS' REPORT THEREON

**CONCORD-CARLISLE SCHOLARSHIP FUND, INC.
FOR THE YEAR ENDED DECEMBER 31, 2010**

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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, 2010, 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 2009 financial statements, which were audited by another auditor, and whose report dated November 1, 2010 expresses an unqualified opinion on those 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, 2010, 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 8, 2011

CONCORD-CARLISLE SCHOLARSHIP FUND, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010
(With Comparative Totals for December 31, 2009)

ASSETS	<u>2010</u>	<u>2009</u>
Assets		
Cash and Cash Equivalents	\$ 281,541	\$ 144,723
Money Market Funds	57,894	1,748
Marketable Debt Securities	478,324	658,095
Marketable Equity Securities	1,375,525	1,119,818
Accounts Receivables	<u>855</u>	<u>2,104</u>
Total Assets	\$ <u><u>2,194,139</u></u>	\$ <u><u>1,926,488</u></u>
 LIABILITIES AND NET ASSETS 		
Liabilities		
Accrued Expenses	\$ <u>5,000</u>	\$ <u>-</u>
Total Liabilities	<u><u>5,000</u></u>	<u><u>-</u></u>
Net Assets		
Unrestricted Net Assets	497,194	335,886
Permanently Restricted Net Assets	<u>1,691,945</u>	<u>1,590,602</u>
Total Net Assets	<u><u>2,189,139</u></u>	<u><u>1,926,488</u></u>
Total Net Assets and Liabilities	\$ <u><u>2,194,139</u></u>	\$ <u><u>1,926,488</u></u>

See Accompanying Notes to Financial Statements

CONCORD-CARLISLE SCHOLARSHIP FUND, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2010
(With Comparative Totals for the 11 Months Ended December 31, 2009)

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>2010 Total</u>	<u>2009 Total</u>
Revenue:				
Contributions	\$ 121,871	\$ 108,343	\$ 230,214	\$ 284,246
Total Revenue	<u>121,871</u>	<u>108,343</u>	<u>230,214</u>	<u>284,246</u>
Expenses:				
Program Service	173,300	-	173,300	171,933
Fund Raising	6,564	-	6,564	6,586
Management and General	10,555	-	10,555	4,320
Total Expenses	<u>190,419</u>	<u>-</u>	<u>190,419</u>	<u>182,839</u>
Change in Net Assets from Operating Activities	<u>(68,548)</u>	<u>108,343</u>	<u>39,795</u>	<u>101,407</u>
Other Income (Loss)				
Interest and Dividend Income	44,765	-	44,765	37,893
Net Realized Gain (Loss) on Investments	(4,509)	-	(4,509)	(94,495)
Net Unrealized Gain (Loss) on Investments	190,795	-	190,795	418,385
Total Other Income (Loss)	<u>231,051</u>	<u>-</u>	<u>231,051</u>	<u>361,783</u>
Change in Net Assets	154,308	108,343	262,651	463,190
Re-allocation of Endowment by Donors	7,000	(7,000)	-	-
Net Assets, Beginning of Year	<u>335,886</u>	<u>1,590,602</u>	<u>1,926,488</u>	<u>1,463,298</u>
Net Assets, End of Year	<u>\$ 497,194</u>	<u>\$ 1,691,945</u>	<u>\$ 2,189,139</u>	<u>\$ 1,926,488</u>

See Accompanying Notes to Financial Statements

CONCORD-CARLISLE SCHOLARSHIP FUND, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010
(With Comparative Totals for the 11 Months Ended December 31, 2009)

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets from Operating Activities	\$ 39,795	\$ 101,407
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities -		
Decrease (Increase) in Accounts Receivable	1,219	(2,054)
(Increase) Decrease in Accrued Expenses	<u>(5,000)</u>	<u>-</u>
Net Cash Provided by (Used in) Operating Activities	<u>36,014</u>	<u>99,353</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and Dividend Income	44,765	37,893
Proceeds from Investments Sold	286,373	647,177
Purchase of Investments	<u>(174,188)</u>	<u>(648,474)</u>
Net Cash Provided by (Used in) Investing Activities	<u>156,950</u>	<u>36,596</u>
NET INCREASE (DECREASE) IN CASH	192,964	135,949
CASH, Beginning of Year	<u>146,471</u>	<u>10,522</u>
CASH, End of Year	\$ <u><u>339,435</u></u>	\$ <u><u>146,471</u></u>
Cash and Cash Equivalents appears on the statement of financial position as follows:		
Cash	\$ 281,541	\$ 144,723
Money Market Funds	<u>57,894</u>	<u>1,748</u>
Total Cash	\$ <u><u>339,435</u></u>	\$ <u><u>146,471</u></u>

See Accompanying Notes to Financial Statements

CONCORD-CARLISLE SCHOLARSHIP FUND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2010
(With Comparative Totals for the 11 Months Ended December 31, 2009)

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>2010 Total</u>	<u>2009 Total</u>
Scholarship Expense	\$ 173,300	\$ -	\$ -	\$ 173,300	\$ 171,933
Stationery, Printing and Postage	-	-	6,184	6,184	6,213
Professional Fees	-	7,250	-	7,250	2,250
Phonathon	-	-	380	380	373
Insurance and Bond	-	950	-	950	950
Office Expenses	-	1,880	-	1,880	745
Dues and Fees	-	350	-	350	250
Filing Fees	-	125	-	125	125
Total Expenses	\$ <u>173,300</u>	\$ <u>10,555</u>	\$ <u>6,564</u>	\$ <u>190,419</u>	\$ <u>182,839</u>

See Accompanying Notes to Financial Statements

CONCORD-CARLISLE SCHOLARSHIP FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010
(With Comparative Totals for December 31, 2009)

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.

Effective January 1, 2010, the Fund changed its year end from a fiscal year end to a calendar year end.

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, 2010 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. The balance at December 31, 2010 represents accumulated investment gains.

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. 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

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temporary restrictions on net assets are reported as reclassifications between the applicable classes of net assets.

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".

Investments

Investments with readily determinable fair values and all investments in debt securities are reported at their fair values 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.

Endowments

The Fund follows the Uniform Prudent Management of Institutional Funds Act of 1972 (UPMIFA) and its own governing documents. UPMIFA requires the historical dollar

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amount of a donor-restricted endowment fund to be preserved. In the absence of donor restrictions, the new appreciation on a donor-restricted endowment fund is spendable under (UPMIFA). The Fund's donors have not placed restrictions on the use of investment income or net appreciation resulting from the donor-restricted endowment funds.

Investment income and gains or losses on restricted net assets are reported as increases or decreases in unrestricted net assets in the reporting period in which the income and gains or losses are recognized.

Endowment Investments and Spending Policies

The fund has adopted investment and spending policies, determined by the Fund's Investment Committee and approved by the Board of Trustees, for endowment assets that attempt to maintain the principle of the 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 diversification of asset classes within prudent risk parameters. 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 to achieve its long-term return objectives within prudent risk parameters.

The spending of endowment funds is governed by the Board of Trustees. It is the policy of the Board of Directors to designate all unrestricted net assets for endowment purposes.

Restricted Net Assets

The Fund accepts contributions in memory of or in honor of individuals (Named Fund's). 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 eleven months ended December 31, 2010, \$7,000 in restricted net assets was re-classified to unrestricted net assets as requested by donors.

CONCORD-CARLISLE SCHOLARSHIP FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
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Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results may differ from the estimates.

Nonprofit Status and Income Taxes

The Fund is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes and is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. Donors may deduct contributions made to the Fund within Internal Revenue Code regulations. The Fund is subject to a tax on income from any unrelated business.

On January 1, 2010, the Fund adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, 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, 2010.

The Fund is subject to routine audits by taxing jurisdictions; however, there are currently no audits for the Fund or the group with which they file for any tax periods in progress. The Fund believes it is not longer subject to income tax examinations for years prior to 2006. The Fund policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively.

2009 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 11 months ended December 31, 2009, from which the summarized information was derived.

CONCORD-CARLISLE SCHOLARSHIP FIND, INC.
NOTES TO THE FINANCIAL STATEMENTS
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3. FAIR VALUE OF INVESTMENTS

The Fund's investments are reported at fair value in the accompanying statement of financial position.

<u>December 31, 2010</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Mutual Funds and Equities	\$1,357,525	\$1,375,525
Bond and Short Term Funds	<u>\$ 478,324</u>	<u>\$ 478,324</u>
Total Investments	<u>\$1,853,849</u>	<u>\$1,853,849</u>

Fair Value Measurements, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 have the lowest priority. The Fund uses appropriate valuation techniques based on available inputs to measure the fair value of its investments. When available, the Fund measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

The fair value of mutual funds is based on quoted net asset values of shares held by the Fund at December 31, 2010.

The market values at December 31, 2010 and 2009 are as follows:

	<u>Fair Value 2010</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1) 2010</u>	<u>Fair Value 2009</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1) 2009</u>
Equity Mutual Funds	1,322,949	1,322,949	1,056,794	1,056,794
Individual Equities	<u>52,576</u>	<u>52,576</u>	<u>63,024</u>	<u>63,024</u>
Total Equity Securities	1,375,525	1,375,525	1,119,818	1,119,818
Debt Securities	<u>478,324</u>	<u>478,324</u>	<u>658,095</u>	<u>658,095</u>
	<u>\$ 1,853,849</u>	<u>\$ 1,853,849</u>	<u>\$ 1,777,913</u>	<u>\$ 1,777,913</u>

CONCORD-CARLISLE SCHOLARSHIP FUND, INC.
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Investment income from cash equivalents and investments is comprised of the following for the year ended December 31, 2010 and the 11 months ended December 31, 2009:

	<u>2010</u>	<u>2009</u>
Dividend & Interest	\$44,765	\$37,893
Net Unrealized Gains (Losses)	190,795	418,385
Net Realized Gains (Losses)	<u>(4,509)</u>	<u>(94,495)</u>
Total Investment Income (Loss)	<u>\$231,051</u>	<u>\$361,783</u>

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>2010</u>	<u>2009</u>
Balance, Beginning of year	\$1,590,602	\$1,544,154
Additions	108,343	59,948
Reclassified to Unrestricted at Donors' Request	<u>(7,000)</u>	<u>(13,500)</u>
Balance at End of Year	<u>\$1,691,945</u>	<u>\$1,590,602</u>

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.

CONCORD-CARLISLE SCHOLARSHIP FIND, INC.
NOTES TO THE FINANCIAL STATEMENTS
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(With Comparative Totals for December 31, 2009)

6. INVESTMENT EXPENSE

Expenses relating to investments, including custodial fees and investment advisory fees, amounted to \$8,195 and \$4,472 in 2010 and 2009 respectively and have been netted against investment revenues in the accompanying Statement of Activities and Changes in Net Assets.

7. SUBSEQUENT EVENTS

The Fund did not have any recognized or non-recognized subsequent events after December 31, 2010, the date of the statement of financial position. Subsequent events have been evaluated through March 8, 2011, the date the financial statements were issued.