

**THE COMMUNITY FOUNDATION
OF TOMPKINS COUNTY, INC.**

Ithaca, New York

FINANCIAL REPORT

**For the Years Ended
December 31, 2013 and 2012**

THE COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

DECEMBER 31, 2013 and 2012

Independent Auditor's Report	1-2
Statements of Financial Position	3
Statements of Activities	4-4a
Statements of Functional Expenses	5-5a
Statements of Cash Flows	6
Notes to Financial Statements	7-16
Supplementary Information:	
Schedules of Financial Position (Operating Fund Basis)	17-17a

John H. Dietershagen, C.P.A.
Jerry E. Mickelson, C.P.A.
Thomas K. Van Derzee, C.P.A.
Debbie Conley Jordan, C.P.A.
Patrick S. Jordan, C.P.A.
Duane R. Shoen, C.P.A.
Lesley L. Horner, C.P.A.
D. Leslie Spurgin, C.P.A.



Ciaschi • Dietershagen • Little • Mickelson & Company, LLP

Certified Public Accountants and Consultants

Frederick J. Ciaschi, C.P.A.

INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Community Foundation
of Tompkins County, Inc.
Ithaca, New York

We have audited the accompanying financial statements of the Community Foundation of Tompkins County, Inc. (the Foundation), a nonprofit organization, which comprise the Statements of Financial Position as of December 31, 2013 and 2012, and the related Statements of Activities, Functional Expenses and Cash Flows for the years then ended, and the related notes to 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 of 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 Foundation'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 Foundation'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 opinions.

- 1 -

CORTLAND

39 Church Street
Cortland, New York 13045
607-753-7439
fax 607-753-7874

ITHACA

401 East State Street ~ Suite 500
Ithaca, New York 14850
607-272-4444
fax 607-273-8372
www.cdlim.com

WATKINS GLEN

108 West Fourth Street
Watkins Glen, New York 14891
607-535-4443
fax 607-535-6220

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Foundation of Tompkins County, Inc., as of December 31, 2013 and 2012, and the changes in net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Financial Position (Operating Fund Basis) on pages 17-17a are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



March 26, 2014
Ithaca, New York

THE COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Current Assets:		
Cash and Cash Equivalents:		
Checking and savings	\$ 2,130,134	\$ 532,440
Money market funds	54,863	2,067,798
Total Cash and Cash Equivalents	2,184,997	2,600,238
Unconditional promises to give to be collected within one year	19,750	27,800
Cash value of life insurance	242,468	234,275
Prepaid expenses	360	1,398
Investments	11,102,702	7,937,426
Total Current Assets	13,550,277	10,801,137
Furniture and equipment, net	4,333	-0-
Other assets	700	700
Unconditional promises to give to be collected after one year	2,767	6,311
Total Assets	<u>\$ 13,558,077</u>	<u>\$ 10,808,148</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable	\$ 4,799	\$ 4,527
Grants payable	54,848	1,243
Total Liabilities	59,647	5,770
Net Assets:		
Unrestricted:		
Unrestricted - Undesignated	480,998	220,045
Board designated	7,126,595	5,094,812
Operating endowment	193,208	140,408
Total Unrestricted Net Assets	7,800,801	5,455,265
Temporarily Restricted	24,081	34,300
Permanently Restricted	5,673,548	5,312,813
Total Net Assets	13,498,430	10,802,378
Total Liabilities and Net Assets	<u>\$ 13,558,077</u>	<u>\$ 10,808,148</u>

See Independent Auditor's Report and Notes to Financial Statements

THE COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31,

	2013			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenue:				
Contributions:				
Donor advised	\$ 1,365,938	\$	\$	\$ 1,365,938
Endowment			189,717	189,717
Field of interest/designated	42,635			42,635
Operating fund	449,684		52,800	502,484
Total Contributions and Grants	<u>1,858,257</u>	<u>-0-</u>	<u>242,517</u>	<u>2,100,774</u>
Investment Income:				
Interest and dividends	267,124	14,981		282,105
Unrealized gain on investments	652,749			652,749
Realized gain on sale of investments	927,227			927,227
Investment management fees	(43,442)			(43,442)
Total Investment Income	<u>1,803,658</u>	<u>14,981</u>	<u>-0-</u>	<u>1,818,639</u>
Other revenue	43,740			43,740
Net assets released from restrictions/reclassification	(93,018)	(25,200)	118,218	-0-
Total Revenue	<u>3,612,637</u>	<u>(10,219)</u>	<u>360,735</u>	<u>3,963,153</u>
Program Expenses:				
Grants	962,539			962,539
Total Program Expenses	<u>962,539</u>	<u>-0-</u>	<u>-0-</u>	<u>962,539</u>
Supporting Services:				
Management and general	230,014			230,014
Fundraising	74,548			74,548
Total Supporting Services	<u>304,562</u>	<u>-0-</u>	<u>-0-</u>	<u>304,562</u>
Total Program Expenses and Supporting Services	<u>1,267,101</u>	<u>-0-</u>	<u>-0-</u>	<u>1,267,101</u>
Increase (Decrease) in Net Assets	2,345,536	(10,219)	360,735	2,696,052
Net Assets, January 1	5,455,265	34,300	5,312,813	10,802,378
Net Assets, December 31,	<u>\$ 7,800,801</u>	<u>\$ 24,081</u>	<u>\$ 5,673,548</u>	<u>\$ 13,498,430</u>

See Independent Auditor's Report and Notes to Financial Statements

2012

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 705,043	\$	\$	\$ 705,043
		1,992,160	1,992,160
15,042			15,042
167,049			167,049
<u>887,134</u>	<u>-0-</u>	<u>1,992,160</u>	<u>2,879,294</u>
195,797	18,372		214,169
698,507			698,507
55,585			55,585
(31,306)			(31,306)
<u>918,583</u>	<u>18,372</u>	<u>-0-</u>	<u>936,955</u>
21,783			21,783
(48,356)	(24,087)	72,443	-0-
<u>1,779,144</u>	<u>(5,715)</u>	<u>2,064,603</u>	<u>3,838,032</u>
419,863			419,863
<u>419,863</u>	<u>-0-</u>	<u>-0-</u>	<u>419,863</u>
211,214			211,214
66,188			66,188
<u>277,402</u>	<u>-0-</u>	<u>-0-</u>	<u>277,402</u>
697,265	-0-	-0-	697,265
1,081,879	(5,715)	2,064,603	3,140,767
<u>4,373,386</u>	<u>40,015</u>	<u>3,248,210</u>	<u>7,661,611</u>
<u>\$ 5,455,265</u>	<u>\$ 34,300</u>	<u>\$ 5,312,813</u>	<u>\$ 10,802,378</u>

THE COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31,

	2013			
	Program Services	Supporting Services		Total Expenses
	Grants	Management and General	Fundraising	
Payroll and employee benefits	\$	\$ 133,284	\$ 44,428	\$ 177,712
Payroll taxes and insurance		9,666	3,222	12,888
 Total Payroll and Related Expenses		-0-	142,950	47,650
 Rent		11,419	3,806	15,225
Office expenses		26,732	8,910	35,642
Insurance		3,058		3,058
 Consulting fees		1,803	7,214	9,017
Professional fees		18,000		18,000
Advertising and promotion			1,432	1,432
 Grant expense:				
- Board Designated Funds	824,787			824,787
- CFTC Funds	91,000			91,000
- Field of Interest Funds	46,752			46,752
 Conferences		6,828		6,828
Travel		4,218		4,218
 Depreciation expense		650	217	867
Dues and subscriptions		3,285	1,629	4,914
Miscellaneous		11,071	3,690	14,761
Total	962,539	87,064	26,898	1,076,501
 Total Functional Expenses	\$ 962,539	\$ 230,014	\$ 74,548	\$ 1,267,101

See Independent Auditor's Report and Notes to Financial Statements

THE COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31,

	2012			
	Program Services	Supporting Services		Total Expenses
	Grants	Management and General	Fundraising	
Payroll and employee benefits	\$	\$ 123,795	\$ 41,265	\$ 165,060
Payroll taxes and insurance		9,221	3,073	12,294
Total Payroll and Related Expenses		-0-	133,016	44,338
Rent		10,615	3,538	14,153
Office expenses		21,053	7,017	28,070
Insurance		2,888		2,888
Consulting fees		1,559	6,238	7,797
Professional fees		17,700		17,700
Advertising and promotion			1,335	1,335
Grant expense:				
- Board Designated Funds	353,163			353,163
- CFTC Funds	50,750			50,750
- Field of Interest Funds	15,950			15,950
Conferences		6,645		6,645
Travel		8,135		8,135
Dues and subscriptions		3,205	1,590	4,795
Miscellaneous		6,398	2,132	8,530
Total	419,863	78,198	21,850	519,911
Total Functional Expenses	\$ 419,863	\$ 211,214	\$ 66,188	\$ 697,265

THE COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities:		
Increase in net assets	\$ 2,696,052	\$ 3,140,767
Reconciliation of increase in net assets to net cash provided by operating activities:		
Depreciation	867	-0-
Donated stocks	(10,135)	(12,663)
Unrealized (gain) on investments	(652,749)	(698,507)
(Gain) on sale of investments	(927,227)	(55,585)
Decrease in promises to give	11,594	2,476
Decrease in prepaid expenses	1,038	620
(Increase) in cash value of life insurance	(8,193)	(8,213)
Increase (decrease) in grants payable	53,605	(10,816)
Increase (decrease) in accounts payable	272	(3,351)
	<u>1,165,124</u>	<u>2,354,728</u>
Net Cash Provided by Operating Activities		
Cash Flows from Investing Activities:		
Purchase of fixed assets	(5,200)	-0-
Purchases of investments	(6,541,094)	(1,249,706)
Proceeds from sale of investments	4,965,929	1,262,467
	<u>(1,580,365)</u>	<u>12,761</u>
Net Cash (Used) Provided by Investing Activities		
Cash Flows from Financing Activities:	<u>-0-</u>	<u>-0-</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(415,241)	2,367,489
Cash and Cash Equivalents at January 1,	<u>2,600,238</u>	<u>232,749</u>
Cash and Cash Equivalents at December 31,	<u>\$ 2,184,997</u>	<u>\$ 2,600,238</u>
Supplemental Information:		
Donated stocks	<u>\$ 10,135</u>	<u>\$ 12,663</u>

See Independent Auditor's Report and Notes to Financial Statements

THE COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 and 2012

Note 1 - Summary of Significant Accounting Policies

Activity

The Community Foundation of Tompkins County, Inc. (the Foundation) is a charitable organization located in Ithaca, New York. Its major sources of revenues are bequests, gifts, and investment income. The chief beneficiaries of the Foundation's operations are voluntary community service agencies located in the greater Ithaca, New York area.

Accounting Method

The Foundation maintains its accounts on the accrual basis. Revenues are recorded in the year earned and expenses are recognized when incurred.

Financial Statement Presentation

The Foundation complies with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 "Not-for-Profit Entities." Under FASB ASC 958, the Foundation 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.

Contributions

The Foundation accounts for contributions in accordance with the recommendations of the FASB ASC 958 "Not-for-Profit Entities." Under FASB ASC 958, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

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. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments

All investments are carried at fair value.

Fixed Assets

The Foundation capitalizes all expenditures for property and equipment in excess of \$1,000 and with a useful life of greater than one year. Fixed assets are recorded at cost or fair market value if donated and are depreciated using the straight-line method over the estimated useful life of the asset ranging from five to seven years.

Contributions and Bequests

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions of securities are recorded at fair value at the date of the gift. Policies concerning donated services are described below.

THE COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
DECEMBER 31, 2013 and 2012

Unconditional Promises to Give

Promises to give (pledges) are recognized as revenues in the period the pledges are received. Pledges receivable expected to be collected within one year are recorded at net realizable value. Pledges receivable expected to be collected in future years are recorded at fair value, which is measured as the present value of their estimated future cash flows. The discounts on these amounts are computed using the risk-adjusted interest rates applicable to the years in which the pledges are received. Amortization of the discounts is included in contribution income. The Foundation records uncollectible pledges using the direct write off method. During the years ended December 31, 2013 and 2012, \$4,000 and \$650 were written off, respectively.

Donated Services

No amounts have been reflected in the accompanying statements for donated services, however, a substantial number of volunteers have donated significant amounts of their time to the Foundation's program services and its fundraising campaigns.

Tax Exemption

The Internal Revenue Service has determined, in a letter dated August 1, 2000, that the Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Foundation is not a private non-operating foundation within the boundaries of Section 509(a) of the Internal Revenue Code.

The Foundation's federal income tax returns for 2010, 2011 and 2012 are subject to examination by the IRS, generally for three years after they were filed. In addition, the Foundation's state tax returns for the same years are subject to examination by state tax authorities for similar time periods.

Concentration of Credit Risk

The Foundation maintains its cash balances at three financial institutions in Tompkins County. From time to time, these cash balances may exceed federally insured limits.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and Schedules of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Evaluation of Subsequent Events

The Foundation has evaluated subsequent events through March 26, 2014, the date the financial statements were available to be issued.

Note 2 - Unconditional Promises to Give

Unconditional promises to give consisted of the following at December 31,:

	<u>2013</u>	<u>2012</u>
Total Unconditional Promises to Give to be collected within one year	\$ <u>19,750</u>	\$ <u>27,800</u>
Total Unconditional Promises to Give to be collected after one year:		
The present value of \$2,850, due in 2015, discounted at 3%	\$ 2,767	\$ -0-
The present value of \$6,500, due in 2014, discounted at 3%	-0-	6,311
Total to be collected in more than one year	\$ <u>2,767</u>	\$ <u>6,311</u>

THE COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
DECEMBER 31, 2013 and 2012

Note 3 - Investments

The cost, fair value, and unrealized appreciation (depreciation) of the Foundation's investments as of December 31,:

<u>Investments</u>	2013		
	Cost	Fair Value	Unrealized (Depreciation) Appreciation
Mutual Funds:			
Bond funds	\$ 2,320,694	\$ 2,304,390	\$ (16,304)
Equity funds	<u>2,334,940</u>	<u>2,996,100</u>	<u>661,160</u>
Total Mutual Funds	<u>4,655,634</u>	<u>5,300,490</u>	<u>644,856</u>
Equities	10,393	10,393	-0-
Exchange trade funds	<u>4,832,067</u>	<u>5,791,819</u>	<u>959,752</u>
Total Investments	<u>\$ 9,498,094</u>	<u>\$ 11,102,702</u>	<u>\$ 1,604,608</u>
<u>Investments</u>	2012		
	Cost	Fair Value	Unrealized Appreciation
Mutual Funds:			
Bond funds	\$ 1,877,083	\$ 1,952,995	\$ 75,912
Equity funds	<u>2,023,957</u>	<u>2,186,419</u>	<u>162,462</u>
Total Mutual Funds	<u>3,901,040</u>	<u>4,139,414</u>	<u>238,374</u>
Equities	9,484	9,484	-0-
Exchange trade funds	<u>3,075,043</u>	<u>3,788,528</u>	<u>713,485</u>
Total Investments	<u>\$ 6,985,567</u>	<u>\$ 7,937,426</u>	<u>\$ 951,859</u>

The Foundation held investment portfolios as follows at December 31,:

	2013		
	Shares	Cost	Fair Value
General Portfolio:			
Mutual funds	Various	\$ 3,412,189	\$ 3,741,956
Exchange trade funds	Various	<u>4,572,879</u>	<u>5,535,735</u>
Equities		<u>10,393</u>	<u>10,393</u>
Total General Portfolio		<u>7,995,461</u>	<u>9,288,084</u>
Socially Responsible Portfolio:			
Mutual funds	Various	<u>1,243,445</u>	<u>1,558,534</u>
Exchange trade funds	Various	<u>259,188</u>	<u>256,084</u>
Total Socially Responsible Portfolio		<u>1,502,633</u>	<u>1,814,618</u>
Total Investments		<u>9,498,094</u>	<u>11,102,702</u>
Money market funds-General Portfolio	N/A	50,609	50,609
Money market funds-Socially Responsible	N/A	<u>4,254</u>	<u>4,254</u>
Total Money Market Funds		<u>54,863</u>	<u>54,863</u>
Total Investment Portfolios		<u>\$ 9,552,957</u>	<u>\$ 11,157,565</u>

THE COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
DECEMBER 31, 2013 and 2012

	2012		
	Shares	Cost	Fair Value
General Portfolio:			
Mutual funds	Various	\$ 2,807,003	\$ 2,986,414
Exchange trade funds	Various	2,855,386	3,558,678
Equities		9,484	9,484
Total General Portfolio		5,671,873	6,554,576
Socially Responsible Portfolio:			
Mutual funds	Various	1,094,037	1,153,000
Exchange trade funds	Various	219,657	229,850
Total Socially Responsible Portfolio		1,313,694	1,382,850
Total Investments		6,985,567	7,937,426
Total Investment Portfolios		\$ 9,053,365	\$ 10,005,224
Mutual funds-General Portfolio	N/A	2,055,566	2,055,566
Mutual funds-Socially Responsible	N/A	12,232	12,232
Total Money Market Funds		2,067,798	2,067,798

Market Risk

Future changes in market prices may make a financial instrument less valuable. Ownership interest is subject to the risk of loss from a decrease in value due to interest rate fluctuations which may result in a decline that is other than temporary.

Note 4 - Fair Value Measurements

FASB ASC 820, "Fair Value Measurements and Disclosures," establishes a framework for measuring fair value. That framework establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 Measurements) and the lowest priority to unobservable inputs (Level 3 Measurements). The three levels of the fair value hierarchy under FASB ASC 820 are as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs derived principally from or corroborated observable market data by correlation or other means.

THE COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
DECEMBER 31, 2013 and 2012

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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 table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31,:

	<u>Assets at Fair Value at December 31, 2013</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and money market funds	\$ 54,863	\$	\$	\$ 54,863
Mutual funds	5,300,490			5,300,490
Equities	10,393			10,393
Exchange trade funds	5,791,819			5,791,819
Cash value of life insurance		<u>242,468</u>		<u>242,468</u>
Total	<u>\$ 11,157,565</u>	<u>\$ 242,468</u>	<u>\$ -0-</u>	<u>\$ 11,400,033</u>
	<u>Assets at Fair Value at December 31, 2012</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and money market funds	\$ 2,067,798	\$	\$	\$ 2,067,798
Mutual funds	4,139,414			4,139,414
Equities	9,484			9,484
Exchange trade funds	3,788,528			3,788,528
Cash value of life insurance		<u>234,275</u>		<u>234,275</u>
Total	<u>\$ 10,005,224</u>	<u>\$ 234,275</u>	<u>\$ -0-</u>	<u>\$ 10,239,499</u>

Note 5 - Life Insurance

During the fiscal year ended March 31, 2004, the Foundation accepted a gift of a whole life insurance policy. This policy has been recorded in the financial statements at the cash surrender value of the policy as determined by Manulife Financial as of the end of the fiscal year. The cash surrender values of the policy were \$242,468 and \$234,275 at December 31, 2013 and 2012, respectively.

Upon the death of the named insured, the Foundation will receive the death benefit determined by Manulife Financial which is comprised of the basic death benefit plus any paid up additions. The death benefit as of December 31, 2013 and 2012 was \$422,285 and \$422,019, respectively.

Contributions equal to the premiums of \$7,057 were made by the donor of the policy to the Foundation during the years ended December 31, 2013 and 2012. This amount and the increase in cash value of the policy of \$8,193 and \$8,193 and are included in contribution revenue net of the premium expense of \$7,057 paid by the Foundation during the years ended December 31, 2013 and 2012.

THE COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
DECEMBER 31, 2013 and 2012

Note 6 - Retirement Plan

The Foundation has a simplified employee pension plan (SEP) which covers substantially all eligible employees. Annual contributions are at the discretion of the Board of Directors but may not exceed the maximum amount allowable by the Internal Revenue Service. Foundation contributions provided for calendar years 2013 and 12 were at the rate of 3% of employee earnings, and amounted to \$4,435 and \$5,358, respectively.

Note 7 - Furniture and Equipment

Furniture and equipment consisted of the following at December 31,:

<u>Assets</u>	2013		
	Cost	Accumulated Depreciation	Net Book Value
Equipment	\$ 13,568	\$ 9,235	\$ 4,333
Total	\$ 13,568	\$ 9,235	\$ 4,333
	2012		
<u>Assets</u>	Cost	Accumulated Depreciation	Net Book Value
Equipment	\$ 8,368	\$ 8,368	\$ -0-
Total	\$ 8,368	\$ 8,368	\$ -0-

Depreciation expense was \$867 and \$-0- for the years ended December 31, 2013 and 2012.

Note 8 - Net Assets

Net Assets of the Foundation consisted of the following at December 31,:

	2013	2012
Unrestricted - Undesignated Net Assets	\$ 480,998	\$ 220,045
Board Designated Net Assets:		
Donor advised funds	7,039,066	4,991,531
Field of interest	87,529	103,281
Operating endowment	193,208	140,408
Total Board Designated Net Assets	7,319,803	5,235,220
Temporarily Restricted Net Assets:		
Restricted for time purposes	24,081	34,300
Total Temporarily Restricted Net Assets	24,081	34,300
Permanently Restricted Net Assets:		
Restricted for endowment	5,673,548	5,312,813
Total Permanently Restricted Net Assets	5,673,548	5,312,813
Total Net Assets	\$ 13,498,430	\$ 10,802,378

THE COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
DECEMBER 31, 2013 and 2012

Note 9 - Administrative Fees

During the year ended December 31, 2013 the Foundation charged administrative fees totaling \$112,190. During the year ended December 31, 2012, the Foundation charged administrative fees totaling \$83,502. These amounts are revenues to the Foundation and expenses to the various Board designated funds, and, as the Statements of Activities are presented on a consolidated basis, these amounts have been eliminated.

Note 10 - Operating Lease Commitments

The Foundation has an operating lease commitment for copier equipment which extends through December 25, 2017. In addition to minimum lease obligations, the Foundation may be liable for copies in excess of a minimum number. Rental expense for the copier equipment was \$1,709 for 2013 and \$123 for 2012.

Future minimum annual lease obligations under contract after December 31, 2013 are as follows:

<u>Year</u>	<u>Amount</u>
2014	\$ 1,709
2015	1,709
2016	1,709
2017	1,567

Note 11 - Endowment Funds

The Foundation's endowments consist of funds established for a variety of purposes. Its endowments include both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles (GAAP), 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.

Board and donor-restricted endowment funds consist of an Operating Endowment and 20 donor-restricted funds. The Board of Directors of the Foundation has interpreted the New York Prudent Management of Institutional Funds Act of 2010 as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets both the original value of gifts donated to the permanent endowment and any subsequent gifts to the permanent endowment fund.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets.

THE COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
DECEMBER 31, 2013 and 2012

In 2013, the Foundation had the following endowment related activities:

	Unrestricted	Donor-Restricted Endowment Funds	Operating Endowment Funds	Total
Beginning Balance	\$ 748,627	\$ 5,312,813	\$ 140,408	\$ 6,201,848
Interest, dividends and realized gains		845,804	20,064	865,868
Unrealized gain		352,674	7,306	359,980
Investment and administrative fees		(96,889)	(637)	(97,526)
Total Investment Gain	-0-	1,101,589	26,733	1,128,322
Contributions to perpetual endowment		245,879	52,800	298,679
Transfer to (from) Unrestricted Net Assets	1,013,466	(986,733)	(26,733)	-0-
Total Change in Endowment Funds	1,013,466	360,735	52,800	1,427,001
Ending Balance	<u>\$ 1,762,093</u>	<u>\$ 5,673,548</u>	<u>\$ 193,208</u>	<u>\$ 7,628,849</u>

In 2012, the Foundation had the following endowment related activities:

	Unrestricted	Donor-Restricted Endowment Funds	Operating Endowment Funds	Total
Beginning Balance	\$ 483,406	\$ 3,248,210	\$ 140,408	\$ 3,872,024
Interest, dividends and realized gains		16,984	5,316	22,300
Unrealized gain		361,831	13,294	375,125
Investment and administrative fees		(59,155)	(606)	(59,761)
Total Investment Gain	-0-	319,660	18,004	337,664
Contributions to perpetual endowment		1,992,160		1,992,160
Transfer to (from) Unrestricted Net Assets	265,221	(247,217)	(18,004)	-0-
Total Change in Endowment Funds	265,221	2,064,603	-0-	2,329,824
Ending Balance	<u>\$ 748,627</u>	<u>\$ 5,312,813</u>	<u>\$ 140,408</u>	<u>\$ 6,201,848</u>

The objectives of the spending policy are:

- to maintain the value of the Foundation's assets
- to steadily increase the assets to account for inflation
- to provide reliable administrative fee revenue
- to preserve resources for regular grant making in perpetuity

THE COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
DECEMBER 31, 2013 and 2012

Spendable income is that portion of current total return, as well as portions of unspent total return of prior years, as allocated by the Board for spending in any fiscal year. The Community Foundation Board will approve annually a percentage to be available for grant making from endowed funds. The 2011 Spending Policy percentage has been set by the Board at 4%. In general, the target endowment spending is 3%-5% of a 20 quarter rolling average market value of each endowment fund, net of all fees. We will use the average market balance of each quarter, not the end of quarter market balance in calculating the spendable portion of an endowed fund. Monitoring will be employed to make sure that the result of applying this rate will never cause spending which will erode the fund balance endowed for each fund. It is the responsibility of the Board and the Investment Advisor to oversee management of the Fund in ways commensurate with this spending policy.

The effective date of this policy will be the board meeting at which this policy is adopted.

Distribution of spending income will be made according to the following:

1. Provisions must be made with the Investment Advisor for timely and regular distributions as needed by the Community Foundation.
2. Total return results that exceed actual distribution of allocated spendable income normally shall be reinvested and considered principal for all future computations and distributions.
3. When total return is less than allocated spendable income, distributions will be made from Fund assets that are unencumbered for such purposes, such as unspent total return of prior years. Unless otherwise restricted by an endowment gift instrument or a specific donor notice, New York State law provides that the Community Foundation may expend so much of an endowment fund - including its historic dollar value - as it deems prudent and shall consider, if relevant, the following factors: the duration and preservation of the specific endowment fund; the purposes of the Community Foundation and the specific endowment fund; general economic conditions; the possible effect of inflation or deflation; the expected total return from income and the appreciation of investments; other resources of the Community Foundation; where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the specific endowment fund, giving due consideration to the effect that such alternatives may have on the Community Foundation; and this IPS. For each determination to appropriate for expenditure, the Community Foundation shall keep a contemporaneous record describing the consideration that was given to each of the factors enumerated above.
4. Note that under NYPMIFA, an appropriation of an amount greater than 7% of the fair market value of a specific endowment fund, calculated on the basis of market values determined at least quarterly and averaged over a period of not less than five years immediately preceding the year in which the appropriation for expenditure is made, creates a rebuttable presumption of imprudence. For a specific endowment fund in existence for fewer than five years, the fair market value of the specific endowment fund must be calculated for the period the specific endowment fund has been in existence.

THE COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.
 NOTES TO FINANCIAL STATEMENTS
 (CONTINUED)
DECEMBER 31, 2013 and 2012

A. Implementation of Spending Policy

1. Endowed Funds - Subject to Spending Policy

May nominate grants following the end of the first complete calendar year after the initial minimum contribution has been achieved. The initial contribution may be scheduled over a maximum of two years with the first partial contribution required to be at least half of the initial minimum contribution.

	Initial Minimum Contribution	Two Year Option
Unrestricted, endowed donor advised, scholarship and field of interest	\$ <u>10,000</u>	\$ <u>5,000</u>
Agency endowment, and expendable donor advised	\$ <u>20,000</u>	\$ <u>10,000</u>

May annually nominate grants up to the amount designated as available to grant by the application of the spending policy

Administrative Fee:	1.5% on balances under \$50,000 1.0% on balances of \$50,000 and above 2.0% on all scholarship fund balances
Investment Fee:	0.40% on balance

2. Non-endowed Funds - Not Subject to Spending Policy

May nominate grants following the initial minimum contribution of \$20,000

Minimum balance to maintain grant nominating privilege is \$10,000

These funds shall be deposited in a savings instrument with attention to highest possible interest earning potential. In lieu of fees, any interest earnings shall be designated to the unrestricted operations of the Community Foundation. They shall not participate in the investment pool.

If grants in any calendar year exceed 20% of the Fund's market value (as of December 31 of the previous year), the Foundation shall take 5% of the total amount granted to be added to the Operating Endowment Fund.

If a grant causes the fund balance to fall to or below \$5,000, then the grant will be considered a fund retiring grant. In that case, \$5,000 will be transferred to the Operating Endowment Fund. The grant nomination will be considered for the remaining balance even if it is less than the nominated amount.

THE COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.
SCHEDULES OF FINANCIAL POSITION (OPERATING FUND BASIS)
DECEMBER 31,

	2013		
<u>ASSETS</u>	Operating Fund	Restricted Funds	Total
Current Assets:			
Cash and Cash Equivalents:			
Checking and savings	\$ 473,360	\$ 1,656,774	\$ 2,130,134
Money Market Fund		54,863	54,863
Total Cash and Cash Equivalents	473,360	1,711,637	2,184,997
Unconditional promises to give to be collected after one year	14,610	5,140	19,750
Cash value of life insurance		242,468	242,468
Prepaid expenses	360		360
Investments	184,356	10,918,346	11,102,702
Total Current Assets	672,686	12,877,591	13,550,277
Furniture and equipment, net	4,333		4,333
Other assets	700		700
Unconditional promises to give to be collected after one year	2,767		2,767
Total Assets	\$ 680,486	\$ 12,877,591	\$ 13,558,077
<u>LIABILITIES AND NET ASSETS</u>			
Current Liabilities:			
Accounts payable	\$ 4,799	\$	\$ 4,799
Grants payable		54,848	54,848
Total Liabilities	4,799	54,848	59,647
Net Assets:			
Unrestricted			
Unrestricted - Undesignated	480,998		480,998
Board designated		7,126,595	7,126,595
Operating endowment	193,208		193,208
Total Unrestricted Net Assets	674,206	7,126,595	7,800,801
Temporarily Restricted	1,481	22,600	24,081
Permanently Restricted		5,673,548	5,673,548
Total Net Assets	675,687	12,822,743	13,498,430
Total Liabilities and Net Assets	\$ 680,486	\$ 12,877,591	\$ 13,558,077

See Independent Auditor's Report

2012		
Operating Fund	Restricted Funds	Total
\$ 29,568	\$ 502,872	\$ 532,440
	2,067,798	2,067,798
29,568	2,570,670	2,600,238
24,145	3,655	27,800
	234,275	234,275
1,398		1,398
302,858	7,634,568	7,937,426
357,969	10,443,168	10,801,137
		-0-
700		700
6,311		6,311
<u>\$ 364,980</u>	<u>\$ 10,443,168</u>	<u>\$ 10,808,148</u>
\$ 4,527	\$	\$ 4,527
	1,243	1,243
4,527	1,243	5,770
220,045		220,045
	5,094,812	5,094,812
140,408		140,408
360,453	5,094,812	5,455,265
	34,300	34,300
	5,312,813	5,312,813
360,453	10,441,925	10,802,378
<u>\$ 364,980</u>	<u>\$ 10,443,168</u>	<u>\$ 10,808,148</u>