

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

Ithaca, New York

FINANCIAL REPORT

**For the Years Ended
December 31, 2014 and 2013**

THE COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

DECEMBER 31, 2014 and 2013

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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, 2014 and 2013, 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 opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Community Foundation of Tompkins County, Inc., as of December 31, 2014 and 2013, 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 25, 2015
Ithaca, New York

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

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
Current Assets:		
Cash and Cash Equivalents:		
Checking and savings	\$ 2,104,029	\$ 2,130,134
Money market funds	<u>112,941</u>	<u>54,863</u>
Total Cash and Cash Equivalents	2,216,970	2,184,997
Unconditional promises to give to be collected within one year, net	16,100	19,750
Cash value of life insurance	250,385	242,468
Prepaid expenses	4,374	360
Investments	<u>11,671,628</u>	<u>11,102,702</u>
Total Current Assets	14,159,457	13,550,277
Furniture and equipment, net	8,865	4,333
Other assets	-0-	700
Unconditional promises to give to be collected after one year	<u>5,680</u>	<u>2,767</u>
Total Assets	<u>\$ 14,174,002</u>	<u>\$ 13,558,077</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable	\$ 9,242	\$ 4,799
Grants payable	<u>2,213</u>	<u>54,848</u>
Total Liabilities	<u>11,455</u>	<u>59,647</u>
Net Assets:		
Unrestricted:		
Undesignated	403,294	480,998
Board designated:		
Donor advised and field of interest funds	7,522,152	7,126,595
Operating endowment	<u>194,858</u>	<u>193,208</u>
Total Unrestricted Net Assets	8,120,304	7,800,801
Temporarily Restricted	21,950	24,081
Permanently Restricted	<u>6,020,293</u>	<u>5,673,548</u>
Total Net Assets	<u>14,162,547</u>	<u>13,498,430</u>
Total Liabilities and Net Assets	<u>\$ 14,174,002</u>	<u>\$ 13,558,077</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,

	2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenue:				
Contributions:				
Donor advised	\$ 1,208,976	\$	\$	\$ 1,208,976
Endowment			345,095	345,095
Field of interest/designated	19,194			19,194
Operating fund	296,785		1,650	298,435
In-kind contributions	6,535			6,535
Total Contributions and Grants	<u>1,531,490</u>	<u>-0-</u>	<u>346,745</u>	<u>1,878,235</u>
Investment Income:				
Interest and dividends	310,771	388		311,159
Unrealized gain on investments	253,951			253,951
Realized gain on sale of investments	102,281			102,281
Investment management fees	(46,078)			(46,078)
Total Investment Income	<u>620,925</u>	<u>388</u>	<u>-0-</u>	<u>621,313</u>
Other revenue	238,004			238,004
Net assets released from restrictions/reclassification	2,519	(2,519)		-0-
Total Revenue	<u>2,392,938</u>	<u>(2,131)</u>	<u>346,745</u>	<u>2,737,552</u>
Program Expenses:				
Grants	1,617,935			1,617,935
Total Program Expenses	<u>1,617,935</u>	<u>-0-</u>	<u>-0-</u>	<u>1,617,935</u>
Supporting Services:				
Management and general	343,117			343,117
Fundraising	112,383			112,383
Total Supporting Services	<u>455,500</u>	<u>-0-</u>	<u>-0-</u>	<u>455,500</u>
Total Program Expenses and Supporting Services	<u>2,073,435</u>	<u>-0-</u>	<u>-0-</u>	<u>2,073,435</u>
Increase (Decrease) in Net Assets	319,503	(2,131)	346,745	664,117
Net Assets, January 1	<u>7,800,801</u>	<u>24,081</u>	<u>5,673,548</u>	<u>13,498,430</u>
Net Assets, December 31,	<u>\$ 8,120,304</u>	<u>\$ 21,950</u>	<u>\$ 6,020,293</u>	<u>\$ 14,162,547</u>

See Independent Auditor's Report and Notes to Financial Statements

2013

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 1,365,938	\$	\$	\$ 1,365,938
		189,717	189,717
42,635			42,635
449,684		52,800	502,484
			-0-
<u>1,858,257</u>	<u>-0-</u>	<u>242,517</u>	<u>2,100,774</u>
267,124	14,981		282,105
652,749			652,749
927,227			927,227
(43,442)			(43,442)
<u>1,803,658</u>	<u>14,981</u>	<u>-0-</u>	<u>1,818,639</u>
43,740			43,740
(93,018)	(25,200)	118,218	-0-
<u>3,612,637</u>	<u>(10,219)</u>	<u>360,735</u>	<u>3,963,153</u>
962,539			962,539
<u>962,539</u>	<u>-0-</u>	<u>-0-</u>	<u>962,539</u>
230,014			230,014
74,548			74,548
<u>304,562</u>	<u>-0-</u>	<u>-0-</u>	<u>304,562</u>
<u>1,267,101</u>	<u>-0-</u>	<u>-0-</u>	<u>1,267,101</u>
2,345,536	(10,219)	360,735	2,696,052
<u>5,455,265</u>	<u>34,300</u>	<u>5,312,813</u>	<u>10,802,378</u>
<u>\$ 7,800,801</u>	<u>\$ 24,081</u>	<u>\$ 5,673,548</u>	<u>\$ 13,498,430</u>

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

	2014			
	Program Services	Supporting Services		Total Expenses
	Grants	Management and General	Fundraising	
Payroll and employee benefits	\$	\$ 197,459	\$ 65,819	\$ 263,278
Payroll taxes and insurance		13,970	4,656	18,626
 Total Payroll and Related Expenses		-0-	211,429	70,475
 Rent and parking			22,475	7,492
Office expenses			39,563	13,187
Insurance			3,439	3,439
 Consulting fees			3,213	12,851
Professional fees			18,500	18,500
Advertising and promotion				3,255
 Grant expense:				
Board designated funds	1,534,944			1,534,944
CFTC funds	54,750			54,750
Field of interest funds	28,241			28,241
 Conferences			14,006	14,006
Travel			17,168	17,168
 Depreciation expense			1,866	622
Dues and subscriptions			4,190	2,078
Miscellaneous			7,268	2,423
 Total	1,617,935	131,688	41,908	1,791,531
 Total Functional Expenses	\$ 1,617,935	\$ 343,117	\$ 112,383	\$ 2,073,435

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,

	2013			
	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total Expenses</u>
	<u>Grants</u>	<u>Management and General</u>	<u>Fundraising</u>	
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
Office expenses			26,732	8,910
Insurance			3,058	3,058
 Consulting fees			1,803	7,214
Professional fees			18,000	18,000
Advertising and promotion				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
Dues and subscriptions			3,285	1,629
Miscellaneous			11,071	3,690
 Total	<u>962,539</u>	<u>87,064</u>	<u>26,898</u>	<u>1,076,501</u>
 Total Functional Expenses	<u>\$ 962,539</u>	<u>\$ 230,014</u>	<u>\$ 74,548</u>	<u>\$ 1,267,101</u>

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

	2014	2013
Cash Flows from Operating Activities:		
Increase in net assets	\$ 664,117	\$ 2,696,052
Reconciliation of increase in net assets to net cash provided by operating activities:		
Depreciation	2,488	867
Donated stocks	(31,933)	(10,135)
Unrealized (gain) on investments	(253,951)	(652,749)
(Gain) on sale of investments	(102,281)	(927,227)
Decrease in promises to give	737	11,594
(Increase) decrease in prepaid expenses	(4,014)	1,038
(Increase) in cash value of life insurance	(7,917)	(8,193)
Decrease in other assets	700	-0-
(Decrease) increase in grants payable	(52,635)	53,605
Increase in accounts payable	4,443	272
Net Cash Provided by Operating Activities	219,754	1,165,124
Cash Flows from Investing Activities:		
Purchase of fixed assets	(7,020)	(5,200)
Purchases of investments	(993,526)	(6,541,094)
Proceeds from sale of investments	812,765	4,965,929
Net Cash (Used) by Investing Activities	(187,781)	(1,580,365)
Cash Flows from Financing Activities:	-0-	-0-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	31,973	(415,241)
Cash and Cash Equivalents at January 1,	2,184,997	2,600,238
Cash and Cash Equivalents at December 31,	\$ 2,216,970	\$ 2,184,997
Supplemental Information:		
Donated stocks	\$ 31,933	\$ 10,135

See Independent Auditor's Report and Notes to Financial Statements

THE COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 and 2013

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, 2014 and 2013

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, 2014 and 2013, \$-0- and \$4,000 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 2011, 2012 and 2013 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 has maintained its cash balances at two financial institutions in central New York. From time to time, these cash balances may have exceeded federally insured limits. In 2014, the Foundation added a third financial institution in western New York, which consists of an insured cash sweep account ensuring that cash balances never 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 25, 2015, 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>2014</u>	<u>2013</u>
Total Unconditional Promises to Give to be collected within one year	\$ <u>16,100</u>	\$ <u>19,750</u>
Total Unconditional Promises to Give to be collected after one year:		
The present value of \$5,850, due in 2016, discounted at 3%	\$ 5,680	\$ -0-
The present value of \$2,850, due in 2015, discounted at 3%	<u>-0-</u>	<u>2,767</u>
Total to be collected in more than one year	\$ <u>5,680</u>	\$ <u>2,767</u>

THE COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
DECEMBER 31, 2014 and 2013

Note 3 - Investments

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

<u>Investments</u>	2014		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation</u>
Mutual Funds:			
Bond funds	\$ 2,561,442	\$ 2,589,262	\$ 27,820
Equity funds	<u>2,515,933</u>	<u>3,068,544</u>	<u>552,611</u>
Total Mutual Funds	<u>5,077,375</u>	<u>5,657,806</u>	<u>580,431</u>
Equities	13,855	13,855	-0-
Exchange trade funds	<u>4,721,839</u>	<u>5,999,967</u>	<u>1,278,128</u>
Total Investments	<u>\$ 9,813,069</u>	<u>\$ 11,671,628</u>	<u>\$ 1,858,559</u>
<u>Investments</u>	2013		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized (Depreciation) Appreciation</u>
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>

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

	2014		
	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>
General Portfolio:			
Mutual funds	Various	\$ 3,830,986	\$ 4,044,184
Exchange trade funds	Various	4,485,964	5,777,076
Equities		<u>13,855</u>	<u>13,855</u>
Total General Portfolio		<u>8,330,805</u>	<u>9,835,115</u>
Socially Responsible Portfolio:			
Mutual funds	Various	1,246,389	1,613,622
Exchange trade funds	Various	<u>235,875</u>	<u>222,891</u>
Total Socially Responsible Portfolio		<u>1,482,264</u>	<u>1,836,513</u>
Total Investments		<u>9,813,069</u>	<u>11,671,628</u>
Money market funds-General Portfolio	N/A	96,728	96,728
Money market funds-Socially Responsible	N/A	<u>16,213</u>	<u>16,213</u>
Total Money Market Funds		<u>112,941</u>	<u>112,941</u>
Total Investment Portfolios		<u>\$ 9,926,010</u>	<u>\$ 11,784,569</u>

THE COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
DECEMBER 31, 2014 and 2013

	2013		
	Shares	Cost	Fair Value
General Portfolio:			
Mutual funds	Various	\$ 3,412,189	\$ 3,741,956
Exchange trade funds	Various	4,572,879	5,535,735
Equities		10,393	10,393
Total General Portfolio		<u>7,995,461</u>	<u>9,288,084</u>
Socially Responsible Portfolio:			
Mutual funds	Various	1,243,445	1,558,534
Exchange trade funds	Various	259,188	256,084
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>
Mutual funds-Money market funds-General Portfolio	N/A	50,609	50,609
Mutual funds-Money market funds-Socially Responsible	N/A	4,254	4,254
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>

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, 2014 and 2013

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, 2014</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and money market funds	\$ 112,941	\$	\$	\$ 112,941
Mutual funds	5,657,806			5,657,806
Equities	13,855			13,855
Exchange trade funds	5,999,967			5,999,967
Cash value of life insurance		<u>250,385</u>		<u>250,385</u>
Total	<u>\$ 11,784,569</u>	<u>\$ 250,385</u>	<u>\$ -0-</u>	<u>\$ 12,034,954</u>
	<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>

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 \$250,385 and \$242,468 at December 31, 2014 and 2013, 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, 2014 and 2013 was \$422,544 and \$422,285, 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, 2014 and 2013. This amount and the increase in cash value of the policy of \$7,917 and \$7,917 and are included in contribution revenue net of the premium expense of \$7,057 paid by the Foundation during the years ended December 31, 2014 and 2013.

THE COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
DECEMBER 31, 2014 and 2013

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 2014 and 2013 were at the rate of 3% of employee earnings, and amounted to \$6,110 and \$4,435, respectively.

Note 7 - Furniture and Equipment

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

<u>Assets</u>	2014		
	Cost	Accumulated Depreciation	Net Book Value
Equipment	\$ 18,258	\$ 9,393	\$ 8,865
Total	\$ 18,258	\$ 9,393	\$ 8,865
<u>Assets</u>	2013		
	Cost	Accumulated Depreciation	Net Book Value
Equipment	\$ 13,568	\$ 9,235	\$ 4,333
Total	\$ 13,568	\$ 9,235	\$ 4,333

Depreciation expense was \$2,488 and \$867 for the years ended December 31, 2014 and 2013.

Note 8 - Net Assets

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

	2014	2013
Unrestricted - Undesignated Net Assets	\$ 403,294	\$ 480,998
Board Designated Net Assets:		
Donor advised funds	7,439,375	7,039,066
Field of interest	82,777	87,529
Operating endowment	194,858	193,208
Total Board Designated Net Assets	7,717,010	7,319,803
Temporarily Restricted Net Assets:		
Restricted for time purposes	21,950	24,081
Total Temporarily Restricted Net Assets	21,950	24,081
Permanently Restricted Net Assets:		
Restricted for endowment	6,020,293	5,673,548
Total Permanently Restricted Net Assets	6,020,293	5,673,548
Total Net Assets	\$ 14,162,547	\$ 13,498,430

THE COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
DECEMBER 31, 2014 and 2013

Note 9 - Administrative Fees

During the year ended December 31, 2014 the Foundation charged administrative fees totaling \$125,509. During the year ended December 31, 2013, the Foundation charged administrative fees totaling \$112,190. 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 2014 and \$1,709 for 2013.

Future minimum annual lease obligations under contract after December 31, 2014 are as follows:

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

Beginning May 1, 2014, the Foundation executed a three year lease for office space, effective until April 30, 2017, with monthly payments of \$2,568 from May 1, 2014 through April 30, 2015. Monthly rental payments beginning May 1, 2015 will be \$2,693 through April 30, 2016 and \$2,818 from May 1, 2016 to April 30, 2017.

Rental expense was \$26,791 and \$15,000 for the years ended December 31, 2014 and 2013, respectively.

Minimum future lease payments under the operating leases are as follows:

<u>Year</u>	<u>Amount</u>
2015	\$ 31,816
2016	33,316
2017	11,272

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.

THE COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
DECEMBER 31, 2014 and 2013

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.

In 2014, the Foundation had the following endowment related activities:

	<u>Unrestricted</u>	Donor-Restricted Endowment Funds	Operating Endowment Funds	Total
Beginning Balance	\$ 1,762,093	\$ 5,673,548	\$ 193,208	\$ 7,628,849
Interest, dividends and realized gains		200,430	7,935	208,365
Unrealized gain		219,334	4,220	223,554
Investment and administrative fees		(107,620)	(910)	(108,530)
Total Investment Gain	-0-	312,144	11,245	323,389
Contributions to perpetual endowment		367,330	1,650	368,980
Transfer to (from) Unrestricted Net Assets	343,974	(332,729)	(11,245)	-0-
Total Change in Endowment Funds	<u>343,974</u>	<u>346,745</u>	<u>1,650</u>	<u>692,369</u>
Ending Balance	<u>\$ 2,106,067</u>	<u>\$ 6,020,293</u>	<u>\$ 194,858</u>	<u>\$ 8,321,218</u>

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

	<u>Unrestricted</u>	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	<u>1,013,466</u>	<u>360,735</u>	<u>52,800</u>	<u>1,427,001</u>
Ending Balance	<u>\$ 1,762,093</u>	<u>\$ 5,673,548</u>	<u>\$ 193,208</u>	<u>\$ 7,628,849</u>

THE COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
DECEMBER 31, 2014 and 2013

The objectives of the spending policy are:

- Maintain the value of the Foundation's assets
- Steadily increase the assets to account for inflation
- Provide reliable administrative fee revenue
- Preserve resources for regular grant making in perpetuity

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 2014 Spending Policy percentage has been set by the Board at 4.25%. 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, 2014 and 2013

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,

<u>ASSETS</u>	2014		
	Operating Fund	Restricted Funds	Total
Current Assets:			
Cash and Cash Equivalents:			
Checking and savings	\$ 316,265	\$ 1,787,764	\$ 2,104,029
Money market fund		112,941	112,941
Total Cash and Cash Equivalents	316,265	1,900,705	2,216,970
Unconditional promises to give to be collected after one year	13,170	2,930	16,100
Cash value of life insurance		250,385	250,385
Prepaid expenses	4,374		4,374
Investments	259,040	11,412,588	11,671,628
Total Current Assets	592,849	13,566,608	14,159,457
Furniture and equipment, net	8,865		8,865
Other assets			-0-
Unconditional promises to give to be collected after one year	5,680		5,680
Total Assets	\$ 607,394	\$ 13,566,608	\$ 14,174,002
<u>LIABILITIES AND NET ASSETS</u>			
Current Liabilities:			
Accounts payable	\$ 9,242		\$ 9,242
Grants payable		2,213	2,213
Total Liabilities	9,242	2,213	11,455
Net Assets:			
Unrestricted:			
Undesignated	403,294		403,294
Board designated:			
Donor advised and field of interest funds		7,522,152	7,522,152
Operating endowment	194,858		194,858
Total Unrestricted Net Assets	598,152	7,522,152	8,120,304
Temporarily Restricted		21,950	21,950
Permanently Restricted		6,020,293	6,020,293
Total Net Assets	598,152	13,564,395	14,162,547
Total Liabilities and Net Assets	\$ 607,394	\$ 13,566,608	\$ 14,174,002

See Independent Auditor's Report

2013		
Operating Fund	Restricted Funds	Total
\$ 473,360	\$ 1,656,774	\$ 2,130,134
	54,863	54,863
473,360	1,711,637	2,184,997
14,610	5,140	19,750
	242,468	242,468
360		360
184,356	10,918,346	11,102,702
672,686	12,877,591	13,550,277
4,333		4,333
700		700
2,767		2,767
<u>\$ 680,486</u>	<u>\$ 12,877,591</u>	<u>\$ 13,558,077</u>
\$ 4,799	\$	\$ 4,799
	54,848	54,848
4,799	54,848	59,647
480,998		480,998
	7,126,595	7,126,595
193,208		193,208
674,206	7,126,595	7,800,801
1,481	22,600	24,081
	5,673,548	5,673,548
675,687	12,822,743	13,498,430
<u>\$ 680,486</u>	<u>\$ 12,877,591</u>	<u>\$ 13,558,077</u>