

*COMMUNITY FOUNDATION OF  
TOMPKINS COUNTY, INC.*

**Ithaca, New York**

**FINANCIAL REPORT**

**For the Years Ended  
December 31, 2015 and 2014**



Certified Public Accountants | Business Advisors

---

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

**TABLE OF CONTENTS  
DECEMBER 31, 2015 and 2014**

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 .....	7-20
Supplementary Information:	
Schedules of Financial Position (Operating Fund Basis) .....	21-21a

## **INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of Community Foundation of Tompkins County, Inc. (the Foundation), a nonprofit organization, which comprise the Statements of Financial Position as of December 31, 2015 and 2014, 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.

### **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, 2015 and 2014, 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.

**Prior Period Financial Statements**

The financial statements of Community Foundation of Tompkins County, Inc. as of December 31, 2014 were audited by Ciaschi, Dietershagen, Little, Mickelson & Company, LLP who merged with Insero & Co. CPAs, LLP as of January 1, 2016, and whose report dated March 25, 2015, expressed an unmodified opinion on those statements.

**Other Matter**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The 2015 Schedule of Financial Position (Operating Fund Basis) on page 21 is 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.

The 2014 Schedule of Financial Position (Operating Fund Basis) on page 21a was subjected to the auditing procedures applied in the 2014 audit of the financial statements by Ciaschi, Dietershagen, Little, Mickelson & Company, LLP, and whose report dated March 25, 2015, on such information stated that it was fairly stated in all material respects in relation to the 2014 financial statements, as a whole.

Respectfully Submitted,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, flowing style.

Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
April 8, 2016

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

## **STATEMENTS OF FINANCIAL POSITION DECEMBER 31,**

<b>ASSETS</b>	<b>2015</b>	<b>2014</b>
<b>Current Assets:</b>		
Cash and Cash Equivalents:		
Checking and savings	\$ 2,375,927	\$ 2,104,029
Money market funds	<u>166,519</u>	<u>112,941</u>
<b>Total Cash and Cash Equivalents</b>	<b>2,542,446</b>	<b>2,216,970</b>
Accounts receivable	1,000	-0-
Unconditional promises to give to be collected within one year, net	14,050	16,100
Cash value of life insurance	252,870	250,385
Prepaid expenses	3,002	4,374
Investments	<u>11,400,966</u>	<u>11,671,628</u>
<b>Total Current Assets</b>	<b>14,214,334</b>	<b>14,159,457</b>
Furniture and equipment, net	5,622	8,865
Unconditional promises to give to be collected after one year	<u>2,524</u>	<u>5,680</u>
<b>Total Assets</b>	<b>\$ <u>14,222,480</u></b>	<b>\$ <u>14,174,002</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 14,080	\$ 9,242
Grants payable	<u>56,257</u>	<u>2,213</u>
<b>Total Liabilities</b>	<b><u>70,337</u></b>	<b><u>11,455</u></b>
<b>Net Assets:</b>		
Unrestricted - Undesignated	197,537	403,294
Board designated:		
Donor advised and field of interest funds	7,226,871	7,522,152
Operating endowment	<u>195,158</u>	<u>194,858</u>
<b>Total Unrestricted Net Assets</b>	<b>7,619,566</b>	<b>8,120,304</b>
Temporarily Restricted	16,650	21,950
Permanently Restricted	<u>6,515,927</u>	<u>6,020,293</u>
<b>Total Net Assets</b>	<b><u>14,152,143</u></b>	<b><u>14,162,547</u></b>
<b>Total Liabilities and Net Assets</b>	<b>\$ <u>14,222,480</u></b>	<b>\$ <u>14,174,002</u></b>

*See Independent Auditor's Report and Notes to Financial Statements.*

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

**STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31,**

	2015		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
			<u>Total</u>
<b>REVENUE</b>			
<b>Contributions:</b>			
Donor advised	\$ 1,391,001	\$	\$ 1,391,001
Endowment			495,334
Field of interest/designated	44,800		44,800
Operating fund	297,159		300
In-kind contributions	1,888		1,888
<b>Total Contributions</b>	<u>1,734,848</u>	<u>-0-</u>	<u>495,634</u>
<b>Investment Income:</b>			
Interest and dividends	312,746	125	312,871
Unrealized (loss) gain on investments	(656,240)		(656,240)
Realized gain on sale of investments	74,249		74,249
Investment management fees	(46,288)		(46,288)
<b>Total Investment Income</b>	<u>(315,533)</u>	<u>125</u>	<u>-0-</u>
Other revenue	437,476		437,476
Net assets released from restrictions/reclassification	5,425	(5,425)	-0-
<b>Total Revenue</b>	<u>1,862,216</u>	<u>(5,300)</u>	<u>495,634</u>
<b>Program Expenses:</b>			
Grants	1,802,297		1,802,297
<b>Total Program Expenses</b>	<u>1,802,297</u>	<u>-0-</u>	<u>-0-</u>
<b>Supporting Services:</b>			
Management and general	404,711		404,711
Fundraising	155,946		155,946
<b>Total Supporting Services</b>	<u>560,657</u>	<u>-0-</u>	<u>-0-</u>
<b>Total Program Expenses and Supporting Services</b>	<u>2,362,954</u>	<u>-0-</u>	<u>-0-</u>
(Decrease) Increase in Net Assets	(500,738)	(5,300)	495,634
Net Assets, January 1	8,120,304	21,950	6,020,293
<b>Net Assets, December 31,</b>	<u>\$ 7,619,566</u>	<u>\$ 16,650</u>	<u>\$ 6,515,927</u>
			<u>\$ 14,152,143</u>

*See Independent Auditor's Report and Notes to Financial Statements.*

2014			
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 1,208,976	\$	\$	\$ 1,208,976
		345,095	345,095
19,194			19,194
296,785		1,650	298,435
6,535			6,535
<u>1,531,490</u>	<u>-0-</u>	<u>346,745</u>	<u>1,878,235</u>
310,771	388		311,159
253,951			253,951
102,281			102,281
(46,078)			(46,078)
<u>620,925</u>	<u>388</u>	<u>-0-</u>	<u>621,313</u>
238,004			238,004
2,519	(2,519)		-0-
<u>2,392,938</u>	<u>(2,131)</u>	<u>346,745</u>	<u>2,737,552</u>
1,617,935			1,617,935
<u>1,617,935</u>	<u>-0-</u>	<u>-0-</u>	<u>1,617,935</u>
343,117			343,117
112,383			112,383
<u>455,500</u>	<u>-0-</u>	<u>-0-</u>	<u>455,500</u>
<u>2,073,435</u>	<u>-0-</u>	<u>-0-</u>	<u>2,073,435</u>
319,503	(2,131)	346,745	664,117
<u>7,800,801</u>	<u>24,081</u>	<u>5,673,548</u>	<u>13,498,430</u>
<u>\$ 8,120,304</u>	<u>\$ 21,950</u>	<u>\$ 6,020,293</u>	<u>\$ 14,162,547</u>

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

## **STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Program Services</u>	<u>Supporting Services</u>		
	<u>Grants</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Payroll and employee benefits	\$	\$ 267,842	\$ 89,281	\$ 357,123
Payroll taxes and insurance		19,793	6,598	26,391
<b>Total Payroll and Related Expenses</b>	-0-	287,635	95,879	383,514
Rent and parking		27,022	9,007	36,029
Office expenses		30,896	10,298	41,194
Insurance		3,795		3,795
Consulting fees		1,750	7,000	8,750
Professional fees		18,500		18,500
Advertising and promotion			2,944	2,944
Grant expense:				
Board designated funds	1,655,495			1,655,495
CFTC funds	32,000			32,000
Field of interest funds	114,802			114,802
15th anniversary			23,987	23,987
Conferences		13,414		13,414
Travel		4,687		4,687
Depreciation expense		2,432	811	3,243
Dues and subscriptions		7,128	3,536	10,664
Miscellaneous		7,452	2,484	9,936
<b>Total</b>	1,802,297	117,076	60,067	1,979,440
<b>Total Functional Expenses</b>	\$ 1,802,297	\$ 404,711	\$ 155,946	\$ 2,362,954

*See Independent Auditor's Report and Notes to Financial Statements.*



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

## **STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Program Services</u>	<u>Supporting Services</u>		
	<u>Grants</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Payroll and employee benefits	\$	\$ 197,459	\$ 65,819	\$ 263,278
Payroll taxes and insurance		13,970	4,656	18,626
<b>Total Payroll and Related Expenses</b>	-0-	211,429	70,475	281,904
Rent		22,475	7,492	29,967
Office expenses		39,563	13,187	52,750
Insurance		3,439		3,439
Consulting fees		3,213	12,851	16,064
Professional fees		18,500		18,500
Advertising and promotion			3,255	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
15th anniversary				-0-
Conferences		14,006		14,006
Travel		17,168		17,168
Depreciation expense		1,866	622	2,488
Dues and subscriptions		4,190	2,078	6,268
Miscellaneous		7,268	2,423	9,691
<b>Total</b>	1,617,935	131,688	41,908	1,791,531
<b>Total Functional Expenses</b>	\$ 1,617,935	\$ 343,117	\$ 112,383	\$ 2,073,435

*See Independent Auditor's Report and Notes to Financial Statements.*

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

## **STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31,**

	<u>2015</u>	<u>2014</u>
<b>Cash Flows from Operating Activities:</b>		
(Decrease) increase in net assets	\$ (10,404)	\$ 664,117
Reconciliation of (decrease) increase in net assets to net cash provided by operating activities:		
Depreciation	3,243	2,488
Donated stocks	(142,657)	(31,933)
Unrealized loss (gain) on investments	656,240	(253,951)
(Gain) on sale of investments	(74,249)	(102,281)
(Increase) in accounts receivable	(1,000)	-0-
Decrease in promises to give	5,206	737
Decrease (increase) in prepaid expenses	1,372	(4,014)
(Increase) in cash value of life insurance	(2,485)	(7,917)
Decrease in other assets	-0-	700
Increase (decrease) in grants payable	54,044	(52,635)
Increase in accounts payable	4,838	4,443
<b>Net Cash Provided by Operating Activities</b>	<u>494,148</u>	<u>219,754</u>
<b>Cash Flows from Investing Activities:</b>		
Purchase of fixed assets	-0-	(7,020)
Purchases of investments	(2,098,959)	(993,526)
Proceeds from sale of investments	1,930,287	812,765
<b>Net Cash (Used) by Investing Activities</b>	<u>(168,672)</u>	<u>(187,781)</u>
<b>Cash Flows from Financing Activities:</b>	<u>-0-</u>	<u>-0-</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>325,476</b>	<b>31,973</b>
Cash and Cash Equivalents at January 1,	<u>2,216,970</u>	<u>2,184,997</u>
<b>Cash and Cash Equivalents at December 31,</b>	<b>\$ <u>2,542,446</u></b>	<b>\$ <u>2,216,970</u></b>
<b>Supplemental Information:</b>		
Donated stocks	\$ <u>142,657</u>	\$ <u>31,933</u>

*See Independent Auditor's Report and Notes to Financial Statements.*

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

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 and 2014**

### ***Note 1* Summary of Significant Accounting Policies**

#### **Business Activity**

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.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending upon the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from 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.

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

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 and 2014**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **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.

#### **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, 2015 and 2014, \$4,650 and \$-0- 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.

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

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 and 2014**

### **Note 1 Summary of Significant Accounting Policies - Continued**

#### **Concentration of Credit Risk**

The Foundation maintains its cash balances at two financial institutions in Tompkins County and one in western New York. At times, 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 Statements 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 April 8, 2016, 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>2015</u>	<u>2014</u>
Total Unconditional Promises to Give to be collected within one year	\$ <u>14,050</u>	\$ <u>16,100</u>
Total Unconditional Promises to Give to be collected after one year:		
The present value of \$2,600, due in 2017, discounted at 3%	\$ 2,524	\$ -0-
The present value of \$5,850, due in 2016, discounted at 3%	<u>-0-</u>	<u>5,680</u>
Total to be collected in more than one year	\$ <u>2,524</u>	\$ <u>5,680</u>

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

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 and 2014**

**Note 3 Investments**

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

<u>Investments</u>	<b>2015</b>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized (Depreciation) Appreciation</u>
Mutual Funds:			
Bond funds	\$ 2,599,516	\$ 2,567,978	\$ (31,538)
Equity funds	<u>2,652,754</u>	<u>2,875,365</u>	<u>222,611</u>
Total Mutual Funds	5,252,270	5,443,343	191,073
Equities	9,695	9,695	-0-
Exchange trade funds	<u>4,936,682</u>	<u>5,947,928</u>	<u>1,011,246</u>
 Total Investments	 <u>\$ 10,198,647</u>	 <u>\$ 11,400,966</u>	 <u>\$ 1,202,319</u>

  

<u>Investments</u>	<b>2014</b>		
	<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	5,077,375	5,657,806	580,431
Equities	13,855	13,855	-0-
Exchange trade funds	<u>4,721,839</u>	<u>5,999,967</u>	<u>1,287,128</u>
 Total Investments	 <u>\$ 9,813,069</u>	 <u>\$ 11,671,628</u>	 <u>\$ 1,858,559</u>

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

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 and 2014**

### **Note 3 Investments - Continued**

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

		<b>2015</b>	
	<b>Shares</b>	<b>Cost</b>	<b>Fair Value</b>
General Portfolio:			
Mutual funds	Various	\$ 3,946,148	\$ 3,858,571
Exchange trade funds	Various	4,672,585	5,710,978
Equities		<u>9,695</u>	<u>9,695</u>
Total General Portfolio		<u>8,628,428</u>	<u>9,579,244</u>
Socially Responsible Portfolio:			
Mutual funds	Various	1,306,122	1,584,772
Exchange trade funds	Various	<u>264,097</u>	<u>236,950</u>
Total Socially Responsible Portfolio		<u>1,570,219</u>	<u>1,821,722</u>
Total Investments		<u>10,198,647</u>	<u>11,400,966</u>
Money market funds-General portfolio	N/A	148,335	148,335
Money market funds-Socially responsible	N/A	<u>18,184</u>	<u>18,184</u>
Total Money Market Funds		<u>166,519</u>	<u>166,519</u>
Total Investment Portfolios		<u>\$ 10,365,166</u>	<u>\$ 11,567,485</u>
		<b>2014</b>	
	<b>Shares</b>	<b>Cost</b>	<b>Fair Value</b>
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>

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

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 and 2014**

### ***Note 3* Investments - Continued**

#### **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.

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.



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

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 and 2014**

**Note 4 Fair Value Measurements - Continued**

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

<b>Assets at Fair Value at December 31, 2015</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash and money market funds	\$ 166,519	\$	\$	\$ 166,519
Mutual funds	5,443,343			5,443,343
Equities	9,695			9,695
Exchange trade funds	5,947,928			5,947,928
Cash value of life insurance		252,870		252,870
<b>Total</b>	<b>\$ 11,567,485</b>	<b>\$ 252,870</b>	<b>\$ -0-</b>	<b>\$ 11,820,355</b>

  

<b>Assets at Fair Value at December 31, 2014</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
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		250,385		250,385
<b>Total</b>	<b>\$ 11,784,569</b>	<b>\$ 250,385</b>	<b>\$ -0-</b>	<b>\$ 12,034,954</b>

**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 \$252,870 and \$250,385 at December 31, 2015 and 2014, respectively.

The life insurance death benefit temporarily declined from 2014 to 2015 due to an automatic premium loan within the policy. The loan was created in error and has been paid off, bringing the death benefit back to the 2014 level.

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, 2015 and 2014 was \$417,461 and \$422,544, respectively.

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

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 and 2014**

**Note 5 Life Insurance - Continued**

Contributions equal to the premiums of \$1,764 and \$7,057 were made by the donor of the policy to the Foundation during the years ended December 31, 2015 and 2014, respectively. This amount and the increase in cash value of the policy of \$2,485 and \$7,917 are included in contribution revenue net of the premium expense of \$1,764 and \$7,057 paid by the Foundation during the years ended December 31, 2015 and 2014.

**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 2015 and 2014 were at the rate of 3% of employee earnings, and amounted to \$15,292 and \$6,110, respectively.

**Note 7 Furniture and Equipment**

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

<b>2015</b>			
<u>Assets</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Equipment	\$ 18,258	\$ 12,636	\$ 5,622
Total	<u>\$ 18,258</u>	<u>\$ 12,636</u>	<u>\$ 5,622</u>
<b>2014</b>			
<u>Assets</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Equipment	\$ 18,258	\$ 9,393	\$ 8,865
Total	<u>\$ 18,258</u>	<u>\$ 9,393</u>	<u>\$ 8,865</u>

Depreciation expense was \$3,243 and \$2,488 for the years ended December 31, 2015 and 2014, respectively.

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

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 and 2014**

**Note 8 Net Assets**

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

	<u>2015</u>	<u>2014</u>
Unrestricted - Undesignated Net Assets	\$ <u>197,537</u>	\$ <u>403,294</u>
Board Designated Net Assets:		
Donor advised funds	7,123,448	7,439,375
Field of interest	103,423	82,777
Operating endowment	<u>195,158</u>	<u>194,858</u>
Total Board Designated Net Assets	<u>7,422,029</u>	<u>7,717,010</u>
Temporarily Restricted Net Assets:		
Restricted for time purposes	<u>16,650</u>	<u>21,950</u>
Total Temporarily Restricted Net Assets	<u>16,650</u>	<u>21,950</u>
Permanently Restricted Net Assets:		
Restricted for endowment	<u>6,515,927</u>	<u>6,020,293</u>
Total Permanently Restricted Net Assets	<u>6,515,927</u>	<u>6,020,293</u>
Total Net Assets	<u>\$ 14,152,143</u>	<u>\$ 14,162,547</u>

**Note 9 Philanthropy Service Fee**

During the year ended December 31, 2015 the Foundation charged philanthropy service fees totaling \$145,547. During the year ended December 31, 2014, the Foundation charged administrative fees totaling \$125,509. 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 2015 and \$1,709 for 2014.

Future minimum annual lease obligations under contract after December 31, 2015 are as follows:

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

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

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 and 2014**

### **Note 10 Operating Lease Commitments - Continued**

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 \$31,814 and \$26,791 for the years ended December 31, 2015 and 2014, respectively.

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

<u>Year</u>	<u>Amount</u>
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.

Board and donor-restricted endowment funds consist of an Operating Endowment and 30 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.

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

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 and 2014**

**Note 11 Endowment Funds - Continued**

In 2015, the Foundation had the following endowment related activities:

	<u>Unrestricted</u>	<u>Donor- Restricted Endowment Funds</u>	<u>Operating Endowment Funds</u>	<u>Total</u>
Beginning Balance	\$ 2,106,067	\$ 6,020,293	\$ 194,858	\$ 8,321,218
Interest, dividends, and realized gains		278,644	7,962	286,606
Unrealized (loss)		(444,353)	(13,666)	(458,019)
Investment and administrative fees		(121,927)	(961)	(122,888)
Total Investment (Loss)	<u>-0-</u>	<u>(287,636)</u>	<u>(6,665)</u>	<u>(294,301)</u>
Contributions to perpetual endowment		508,255	300	508,555
Transfer (from) to unrestricted net assets	<u>(281,680)</u>	<u>275,015</u>	<u>6,665</u>	<u>-0-</u>
Total Change in Endowment Funds	<u>(281,680)</u>	<u>495,634</u>	<u>300</u>	<u>214,254</u>
Ending Balance	<u>\$ 1,824,387</u>	<u>\$ 6,515,927</u>	<u>\$ 195,158</u>	<u>\$ 8,535,472</u>

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

	<u>Unrestricted</u>	<u>Donor- Restricted Endowment Funds</u>	<u>Operating Endowment Funds</u>	<u>Total</u>
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	<u>-0-</u>	<u>312,144</u>	<u>11,245</u>	<u>323,389</u>
Contributions to perpetual endowment		367,330	1,650	368,980
Transfer to (from) unrestricted net assets	<u>343,974</u>	<u>(332,729)</u>	<u>(11,245)</u>	<u>-0-</u>
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>

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

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 and 2014**

### ***Note 11 Endowment Funds - Continued***

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 Foundation Board will approve annually a percentage to be available for grant making from endowed funds. The 2015 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 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.

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

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 and 2014**

### ***Note 11 Endowment Funds - Continued***

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 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 Foundation and the specific endowment fund; general economic conditions; possible effects of inflation or deflation; expected total return from income and appreciation of investments; other resources of the 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 Foundation; and this IPS. For each determination to appropriate for expenditure, the 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.

#### **A. Implementation of Spending Policy**

##### **1. Endowed Funds - Subject to Spending Policy**

Agency/Organizational Funds will have their first annual grant payout following the end of the first complete calendar year after the initial minimum contribution has been achieved. Agencies/organizations may elect not to receive any annual grant payout by notifying the Foundation of their desire.

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

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 and 2014**

### **Note 11 Endowment Funds - Continued**

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.

	<u>Initial Minimum Contribution</u>	<u>Two Year Option</u>
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

Philanthropy Services Fee:	1.6% in 2015 and 1.75% in 2016 on balances under \$50,000 1.15% in 2015 and 1.25% in 2016 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 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.



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

**SCHEDULES OF FINANCIAL POSITION (OPERATING FUND BASIS)  
DECEMBER 31,**

	2015		
	Operating Fund	Restricted Funds	Total
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents:			
Checking and savings	\$ 133,029	\$ 2,242,898	\$ 2,375,927
Money market fund		166,519	166,519
Total Cash and Cash Equivalents	133,029	2,409,417	2,542,446
Accounts receivable	1,000		1,000
Unconditional promises to give to be collected after one year	13,240	810	14,050
Cash value of life insurance		252,870	252,870
Prepaid expenses	3,002		3,002
Investments:			
Mutual funds	248,358	3,610,213	3,858,571
Mutual funds - Permanently restricted		1,584,772	1,584,772
EFT's/Equities		5,957,623	5,957,623
Total Investments	248,358	11,152,608	11,400,966
<b>Total Current Assets</b>	<b>398,629</b>	<b>13,815,705</b>	<b>14,214,334</b>
Furniture and equipment, net	5,622		5,622
Unconditional promises to give to be collected after one year	2,524		2,524
<b>Total Assets</b>	<b>\$ 406,775</b>	<b>\$ 13,815,705</b>	<b>\$ 14,222,480</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current Liabilities:</b>			
Accounts payable	\$ 14,080	\$	\$ 14,080
Grants payable		56,257	56,257
<b>Total Liabilities</b>	<b>14,080</b>	<b>56,257</b>	<b>70,337</b>
<b>Net Assets:</b>			
Unrestricted			
Unrestricted - Undesignated	197,537		197,537
Board designated			
Donor advised and field of interest funds		7,226,871	7,226,871
Operating endowment	195,158		195,158
<b>Total Unrestricted Net Assets</b>	<b>392,695</b>	<b>7,226,871</b>	<b>7,619,566</b>
Temporarily Restricted		16,650	16,650
Permanently Restricted		6,515,927	6,515,927
<b>Total Net Assets</b>	<b>392,695</b>	<b>13,759,448</b>	<b>14,152,143</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 406,775</b>	<b>\$ 13,815,705</b>	<b>\$ 14,222,480</b>

*See Independent Auditor's Report.*

2014		
Operating Fund	Restricted Funds	Total
\$ 316,265	\$ 1,787,764	\$ 2,104,029
	112,941	112,941
<u>316,265</u>	<u>1,900,705</u>	<u>2,216,970</u>
		-0-
13,170	2,930	16,100
	250,385	250,385
4,374		4,374
259,040	3,768,931	4,027,971
	1,629,835	1,629,835
	6,013,822	6,013,822
<u>259,040</u>	<u>11,412,588</u>	<u>11,671,628</u>
<u>592,849</u>	<u>13,566,608</u>	<u>14,159,457</u>
8,865		8,865
<u>5,680</u>		<u>5,680</u>
<u>\$ 607,394</u>	<u>\$ 13,566,608</u>	<u>\$ 14,174,002</u>
\$ 11,205	\$	\$ 11,205
	250	250
<u>11,205</u>	<u>250</u>	<u>11,455</u>
403,294		403,294
	7,522,152	7,522,152
<u>194,858</u>		<u>194,858</u>
<u>598,152</u>	<u>7,522,152</u>	<u>8,120,304</u>
	21,950	21,950
	6,020,293	6,020,293
<u>598,152</u>	<u>13,564,395</u>	<u>14,162,547</u>
<u>\$ 609,357</u>	<u>\$ 13,564,645</u>	<u>\$ 14,174,002</u>