

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

## **FINANCIAL REPORT**

**For the Years Ended  
December 31, 2016 and 2015**

DRAFT

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

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DECEMBER 31, 2016 and 2015**

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## 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, 2016 and 2015, 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, 2016 and 2015, 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.

**Report on Supplementary Information**

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 21 and 21a are presented for purposes of additional analysis and are 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.

Respectfully Submitted,

Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
\_\_\_\_\_, 2017

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

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

<b>ASSETS</b>	<u><b>2016</b></u>	<u><b>2015</b></u>
<b>Current Assets</b>		
Cash and Cash Equivalents:		
Checking and savings	\$ 818,892	\$ 2,375,927
Money market funds	<u>180,580</u>	<u>166,519</u>
Total Cash and Cash Equivalents	999,472	2,542,446
Accounts receivable	-	1,000
Unconditional promises to give to be collected within one year, net	45,100	14,050
Cash value of life insurance	266,019	252,870
Prepaid expenses	3,190	3,002
Investments	<u>13,288,431</u>	<u>11,400,966</u>
<b>Total Current Assets</b>	<u><b>14,602,212</b></u>	<u><b>14,214,334</b></u>
Furniture and equipment, net	3,244	5,622
Unconditional promises to give to be collected after one year	<u>14,436</u>	<u>2,524</u>
<b>Total Assets</b>	<u><b>\$ 14,619,892</b></u>	<u><b>\$ 14,222,480</b></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 15,993	\$ 14,080
Grants payable	<u>4,163</u>	<u>56,257</u>
<b>Total Liabilities</b>	<u><b>20,156</b></u>	<u><b>70,337</b></u>
<b>Net Assets</b>		
<b>Unrestricted - Undesignated</b>	227,186	197,537
Board designated:		
Donor advised and field of interest funds	6,376,938	7,226,871
Operating endowment	<u>195,758</u>	<u>195,158</u>
<b>Total Unrestricted Net Assets</b>	<u><b>6,799,882</b></u>	<u><b>7,619,566</b></u>
Temporarily Restricted	60,100	16,650
Permanently Restricted	<u>7,739,754</u>	<u>6,515,927</u>
<b>Total Net Assets</b>	<u><b>14,599,736</b></u>	<u><b>14,152,143</b></u>
<b>Total Liabilities and Net Assets</b>	<u><b>\$ 14,619,892</b></u>	<u><b>\$ 14,222,480</b></u>

*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,

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUE</b>				
<b>Contributions</b>				
Donor advised	\$ 675,030	\$	\$	\$ 675,030
Endowment			1,223,227	1,223,227
Field of interest/designated	64,313			64,313
Operating fund	368,290	61,500	600	430,390
In-kind contributions	12,945			12,945
<b>Total Contributions</b>	<b>1,120,578</b>	<b>61,500</b>	<b>1,223,827</b>	<b>2,405,905</b>
<b>Investment Income</b>				
Interest and dividends	335,667			335,667
Unrealized gain (loss) on investments	952,711			952,711
Realized gain on sale of investments	18,754			18,754
Investment management fees	(47,092)			(47,092)
<b>Total Investment Income</b>	<b>1,260,040</b>	<b>-</b>	<b>-</b>	<b>1,260,040</b>
Other revenue	52,998			52,998
Net assets released from restrictions/reclassification	18,050	(18,050)		-
<b>Total Revenue</b>	<b>2,451,666</b>	<b>43,450</b>	<b>1,223,827</b>	<b>3,718,943</b>
<b>Program Expenses</b>				
Grants	2,686,823			2,686,823
<b>Total Program Expenses</b>	<b>2,686,823</b>	<b>-</b>	<b>-</b>	<b>2,686,823</b>
<b>Supporting Services</b>				
Management and general	434,369			434,369
Fundraising	150,158			150,158
<b>Total Supporting Services</b>	<b>584,527</b>	<b>-</b>	<b>-</b>	<b>584,527</b>
<b>Total Program Expenses and Supporting Services</b>	<b>3,271,350</b>	<b>-</b>	<b>-</b>	<b>3,271,350</b>
(Decrease) Increase in Net Assets	(819,684)	43,450	1,223,827	447,593
Net Assets, January 1	7,619,566	16,650	6,515,927	14,152,143
<b>Net Assets, December 31,</b>	<b>\$ 6,799,882</b>	<b>\$ 60,100</b>	<b>\$ 7,739,754</b>	<b>\$ 14,599,736</b>

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

2015			
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 1,391,001	\$	\$	\$ 1,391,001
		495,334	495,334
44,800			44,800
297,159		300	297,459
3,588			3,588
<u>1,736,548</u>	<u>-</u>	<u>495,634</u>	<u>2,232,182</u>
312,746	125		312,871
(656,240)			(656,240)
74,249			74,249
(46,288)			(46,288)
<u>(315,533)</u>	<u>125</u>	<u>-</u>	<u>(315,408)</u>
437,476			437,476
5,425	(5,425)		-
<u>1,863,916</u>	<u>(5,300)</u>	<u>495,634</u>	<u>2,354,250</u>
1,802,297			1,802,297
<u>1,802,297</u>	<u>-</u>	<u>-</u>	<u>1,802,297</u>
406,411			406,411
155,946			155,946
<u>562,357</u>	<u>-</u>	<u>-</u>	<u>562,357</u>
<u>2,364,654</u>	<u>-</u>	<u>-</u>	<u>2,364,654</u>
(500,738)	(5,300)	495,634	(10,404)
<u>8,120,304</u>	<u>21,950</u>	<u>6,020,293</u>	<u>14,162,547</u>
<u>\$ 7,619,566</u>	<u>\$ 16,650</u>	<u>\$ 6,515,927</u>	<u>\$ 14,152,143</u>

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

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

	2016			
	Program Services	Supporting Services		Total
	Grants	Management and General	Fundraising	Expenses
Payroll and employee benefits	\$	\$ 288,560	\$ 96,186	\$ 384,746
Payroll taxes and insurance		19,406	6,469	25,875
<b>Total Payroll and Related Expenses</b>	-	<b>307,966</b>	<b>102,655</b>	<b>410,621</b>
Rent and parking		28,263	9,421	37,684
Office expenses		31,132	10,377	41,509
Insurance		4,359		4,359
Consulting fees		730	2,920	3,650
Professional fees		21,100		21,100
Advertising and promotion			6,453	6,453
Grant expense:				
Board designated funds	2,589,502			2,589,502
CFTC funds	20,200			20,200
Field of interest funds	77,121			77,121
15th anniversary			11,110	11,110
Conferences		20,186		20,186
Travel		1,014		1,014
Depreciation expense		1,784	594	2,378
Dues and subscriptions		4,202	2,084	6,286
Miscellaneous		13,633	4,544	18,177
<b>Total</b>	<b>2,686,823</b>	<b>126,403</b>	<b>47,503</b>	<b>2,860,729</b>
<b>Total Functional Expenses</b>	<b>\$ 2,686,823</b>	<b>\$ 434,369</b>	<b>\$ 150,158</b>	<b>\$ 3,271,350</b>

*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>2016</u>	<u>2015</u>
<b>Cash Flows from Operating Activities</b>		
Increase (decrease) in net assets	\$ 447,593	\$ (10,404)
Reconciliation of increase (decrease) in net assets to net cash (used) provided by operating activities:		
Depreciation	2,378	3,243
Donated stocks	(40,074)	(142,657)
Unrealized (gain) loss on investments	(952,711)	656,240
(Gain) on sale of investments	(18,754)	(74,249)
Decrease (increase) in accounts receivable	1,000	(1,000)
(Increase) decrease in promises to give	(42,962)	5,206
(Increase) decrease in prepaid expenses	(188)	1,372
(Increase) in cash value of life insurance	(13,149)	(2,485)
(Decrease) increase in grants payable	(52,094)	54,044
Increase in accounts payable	1,913	4,838
<b>Net Cash (Used) Provided by Operating Activities</b>	<u>(667,048)</u>	<u>494,148</u>
<b>Cash Flows from Investing Activities</b>		
Purchases of investments	(1,209,606)	(2,098,959)
Proceeds from sale of investments	333,680	1,930,287
<b>Net Cash (Used) by Investing Activities</b>	<u>(875,926)</u>	<u>(168,672)</u>
<b>Cash Flows from Financing Activities</b>	<u>-</u>	<u>-</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,542,974)</b>	<b>325,476</b>
Cash and Cash Equivalents at January 1,	<u>2,542,446</u>	<u>2,216,970</u>
<b>Cash and Cash Equivalents at December 31,</b>	<b>\$ <u>999,472</u></b>	<b>\$ <u>2,542,446</u></b>
<b>Supplemental Information</b>		
Donated stocks	<u>\$ 40,074</u>	<u>\$ 142,657</u>

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

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

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 and 2015**

### ***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, 2016 and 2015**

### **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, 2016 and 2015, \$2,000 and \$4,650 were written off, respectively.

#### **In-Kind Contributions**

Noncash donations of goods and other services are recorded as contributions at their estimated fair value as of the date of donation. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Noncash donations meeting this criteria are listed in Note 13.

In addition, many individuals have donated significant amounts of their time for program services and its fundraising campaigns. No amounts have been reflected in the financial statements for these volunteer services since they did not meet the criteria for recognition.

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

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 and 2015**

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

#### **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.

#### **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 \_\_\_\_\_, 2017, the date the financial statements were available to be issued.

#### **Reclassification**

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

### **Note 2      Unconditional Promises to Give**

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

	<u>2016</u>	<u>2015</u>
Total Unconditional Promises to Give to be collected within one year	\$ <u>45,100</u>	\$ <u>14,050</u>
Total Unconditional Promises to Give to be collected after one year:		
The present value of \$4,500, due in 2019, discounted at 3%	\$ 4,242	\$ -
The present value of \$10,500, due in 2018, discounted at 3%	10,194	-
The present value of \$2,600, due in 2017, discounted at 3%	<u>-</u>	<u>2,524</u>
Total to be collected in more than one year	\$ <u>14,436</u>	\$ <u>2,524</u>

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

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 and 2015**

**Note 3 Investments**

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

<b>2016</b>			
<u>Investments</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized (Depreciation) Appreciation</u>
Mutual Funds:			
Bond funds	\$ 2,714,014	\$ 2,710,410	\$ (3,604)
Equity funds	2,764,819	3,338,644	573,825
Total Mutual Funds	5,478,833	6,049,054	570,221
Equities			
Exchange traded funds	5,654,568	7,239,377	1,584,809
 Total	 \$ 11,133,401	 \$ 13,288,431	 \$ 2,155,030

  

<b>2015</b>			
<u>Investments</u>	<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	2,652,754	2,875,365	222,611
Total Mutual Funds	5,252,270	5,443,343	191,073
Equities	9,695	9,695	-
Exchange traded funds	4,936,682	5,947,928	1,011,246
 Total	 \$ 10,198,647	 \$ 11,400,966	 \$ 1,202,319

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

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 and 2015**

**Note 3 Investments - Continued**

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

		<b>2016</b>	
	<b>Shares</b>	<b>Cost</b>	<b>Fair Value</b>
General Portfolio:			
Mutual funds	Various	\$ 4,253,359	\$ 4,443,415
Exchange traded funds	Various	5,397,112	7,004,523
Equities		-	-
Total General Portfolio		<u>9,650,471</u>	<u>11,447,938</u>
Socially Responsible Portfolio:			
Mutual funds	Various	1,225,474	1,605,639
Exchange traded funds	Various	257,456	234,854
Total Socially Responsible Portfolio		<u>1,482,930</u>	<u>1,840,493</u>
Total Investments		<u>11,133,401</u>	<u>13,288,431</u>
Money market funds-General portfolio	N/A	173,352	173,352
Money market funds-Socially responsible	N/A	7,228	7,228
Total Money Market Funds		<u>180,580</u>	<u>180,580</u>
Total Investment Portfolios		<u>\$ 11,313,981</u>	<u>\$ 13,469,011</u>
		<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 traded funds	Various	4,672,585	5,710,978
Equities		9,695	9,695
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 traded funds	Various	264,097	236,950
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	18,184	18,184
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>

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

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 and 2015**

### **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, 2016 and 2015**

**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, 2016</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash and money market funds	\$ 180,580	\$	\$	\$ 180,580
Mutual funds	6,049,054			6,049,054
Equities				
Exchange traded funds	7,239,377			7,239,377
Cash value of life insurance		266,019		266,019
<b>Total</b>	<b>\$ 13,469,011</b>	<b>\$ 266,019</b>	<b>\$ -</b>	<b>\$ 13,735,030</b>

  

<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 traded 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>

**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 John Hancock as of the end of the fiscal year. The cash surrender values of the policy were \$266,019 and \$252,870 at December 31, 2016 and 2015, respectively.

Upon the death of the named insured, the Foundation will receive the death benefit determined by John Hancock which is comprised of the basic death benefit plus any paid up additions. The death benefit as of December 31, 2016 and 2015 was \$423,050 and \$417,461, respectively.

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

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 and 2015**

**Note 5 Life Insurance - Continued**

Contributions equal to the premiums of \$12,416 and \$1,764 were made by the donor of the policy to the Foundation during the years ended December 31, 2016 and 2015, respectively. This amount and the increase in cash value of the policy of \$13,149 and \$2,485 are included in contribution revenue net of the premium expense of \$12,416 and \$1,764 paid by the Foundation during the years ended December 31, 2016 and 2015.

**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 2016 and 2015 were at the rate of 3% of employee earnings, and amounted to \$10,437 and \$11,190, respectively.

**Note 7 Furniture and Equipment**

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

		<b>2016</b>	
<u>Assets</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Equipment	\$ 18,258	\$ 15,014	\$ 3,244
Total	\$ 18,258	\$ 15,014	\$ 3,244
		<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	\$ 18,258	\$ 12,636	\$ 5,622

Depreciation expense was \$2,378 and \$3,243 for the years ended December 31, 2016 and 2015, respectively.

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

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 and 2015**

**Note 8 Line of Credit**

The Foundation obtained a line of credit for operations on May 24, 2016 for \$100,000 with a maturity date of May 24, 2017 and an interest rate of 3.75% secured by a certificate of deposit owned and pledged by the Foundation. There was no activity during 2016 and no outstanding balance at December 31, 2016.

**Note 9 Net Assets**

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

	<b>2016</b>	<b>2015</b>
Unrestricted - Undesignated Net Assets	\$ <u>227,186</u>	\$ <u>197,537</u>
Board Designated Net Assets:		
Donor advised funds	6,281,806	7,123,448
Field of interest	95,132	103,423
Operating endowment	195,758	195,158
Total Board Designated Net Assets	<u>6,572,696</u>	<u>7,422,029</u>
Temporarily Restricted Net Assets:		
Restricted for time purposes	60,100	16,650
Total Temporarily Restricted Net Assets	<u>60,100</u>	<u>16,650</u>
Permanently Restricted Net Assets:		
Restricted for endowment	7,739,754	6,515,927
Total Permanently Restricted Net Assets	<u>7,739,754</u>	<u>6,515,927</u>
Total Net Assets	<u>\$ 14,599,736</u>	<u>\$ 14,152,143</u>

**Note 10 Philanthropy Service Fee**

During the year ended December 31, 2016 the Foundation charged philanthropy service fees totaling \$61,155. During the year ended December 31, 2015, the Foundation charged administrative fees totaling \$145,547. These fees are treated as revenue 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 11 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 copier equipment was \$1,715 for 2016 and \$1,709 for 2015.

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

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 and 2015**

### **Note 11 Operating Lease Commitments - Continued**

Future minimum annual lease obligation under contract after December 31, 2016 is as follows:

<u>Year</u>	<u>Amount</u>
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 \$33,317 and \$31,814 for the years ended December 31, 2016 and 2015, respectively.

Minimum future lease payments under the operating leases after December 31, 2016 is as follows:

<u>Year</u>	<u>Amount</u>
2017	\$ 11,272

### **Note 12 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, 2016 and 2015**

**Note 12 Endowment Funds - Continued**

In 2016, 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	\$ 1,824,387	\$ 6,515,927	\$ 195,158	\$ 8,535,472
Interest, dividends, and realized gains		228,779	25,147	253,926
Unrealized gain (loss)		676,540	(92)	676,448
Investment and administrative fees		(137,953)	(903)	(138,856)
Total Investment Gain	-	767,366	24,152	791,518
Contributions to perpetual endowment		1,226,640	600	1,227,240
Transfer to (from) unrestricted net assets	794,331	(770,179)	(24,152)	-
Total Change in Endowment Funds	794,331	1,223,827	600	2,018,758
Ending Balance	<u>\$ 2,618,718</u>	<u>\$ 7,739,754</u>	<u>\$ 195,758</u>	<u>\$ 10,554,230</u>

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 gain		(444,353)	(13,666)	(458,019)
Investment and administrative fees		(121,927)	(961)	(122,888)
Total Investment Gain	-	(287,636)	(6,665)	(294,301)
Contributions to perpetual endowment		508,255	300	508,555
Transfer (from) to unrestricted net assets	(281,680)	275,015	6,665	-
Total Change in Endowment Funds	(281,680)	495,634	300	214,254
Ending Balance	<u>\$ 1,824,387</u>	<u>\$ 6,515,927</u>	<u>\$ 195,158</u>	<u>\$ 8,535,472</u>

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

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 and 2015**

### ***Note 12*   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 2016 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 ensure the result of applying this rate will never cause spending which will erode the endowed fund balance 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:

- Provisions must be made with the Investment Advisor for timely and regular distributions as needed by the Foundation.
- Total return results which 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, 2016 and 2015**

### ***Note 12*   Endowment Funds - Continued**

- When total return is less than allocated spendable income, distributions will be made from Fund assets 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: duration and preservation of the specific endowment fund; 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.
- 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.

### **Implementation of Spending Policy**

#### **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, 2016 and 2015**

### **Note 12 Endowment Funds - Continued**

#### **Implementation of Spending Policy - 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	\$ 10,000	\$ 5,000
Agency endowment, and expendable donor advised	20,000	10,000

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

Philanthropy Services Fee:	1.75% on balances under \$50,000
	1.25% on balances of \$50,000 and above
	2.0% on all scholarship fund balances
Investment Fee:	0.40% on balance

### **Note 13 Donated Goods and Services**

In-kind donations consisted of the following at December 31,:

	<u>2016</u>	<u>2015</u>
Rent for special event	\$ 1,000	\$ 1,000
Food and catering services	4,342	888
Accounting	1,700	1,700
Radio advertising	2,500	-
Graphic design	250	-
Video production	3,008	-
Goods for special event	145	-
Total	\$ <u>12,945</u>	\$ <u>3,588</u>

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

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

	2016		
	Operating Fund	Restricted Funds	Total
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents:			
Checking and savings	\$ 128,194	\$ 690,698	\$ 818,892
Money market fund		180,580	180,580
Total Cash and Cash Equivalents	128,194	871,278	999,472
Accounts receivable	-		-
Unconditional promises to give to be collected after one year	43,210	1,890	45,100
Cash value of life insurance		266,019	266,019
Prepaid expenses	3,190		3,190
Investments:			
Mutual funds	246,663	4,196,752	4,443,415
Mutual funds - Permanently restricted		1,605,639	1,605,639
EFT's\Equities		7,239,377	7,239,377
Total Investments	246,663	13,041,768	13,288,431
<b>Total Current Assets</b>	<b>421,257</b>	<b>14,180,955</b>	<b>14,602,212</b>
Furniture and equipment, net	3,244		3,244
Unconditional promises to give to be collected after one year	14,436		14,436
<b>Total Assets</b>	<b>\$ 438,937</b>	<b>\$ 14,180,955</b>	<b>\$ 14,619,892</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 15,993	\$	\$ 15,993
Grants payable		4,163	4,163
<b>Total Liabilities</b>	<b>15,993</b>	<b>4,163</b>	<b>20,156</b>
<b>Net Assets</b>			
Unrestricted:			
Unrestricted - Undesignated	227,186		227,186
Board designated:			
Donor advised and field of interest funds		6,376,938	6,376,938
Operating endowment	195,758		195,758
<b>Total Unrestricted Net Assets</b>	<b>422,944</b>	<b>6,376,938</b>	<b>6,799,882</b>
Temporarily Restricted		60,100	60,100
Permanently Restricted		7,739,754	7,739,754
<b>Total Net Assets</b>	<b>422,944</b>	<b>14,176,792</b>	<b>14,599,736</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 438,937</b>	<b>\$ 14,180,955</b>	<b>\$ 14,619,892</b>

*See Independent Auditor's Report.*

2015		
Operating Fund	Restricted Funds	Total
\$ 133,029	\$ 2,242,898	\$ 2,375,927
	166,519	166,519
<u>133,029</u>	<u>2,409,417</u>	<u>2,542,446</u>
1,000		1,000
13,240	810	14,050
	252,870	252,870
3,002		3,002
248,358	3,610,213	3,858,571
	1,584,772	1,584,772
	5,957,623	5,957,623
<u>248,358</u>	<u>11,152,608</u>	<u>11,400,966</u>
<u>398,629</u>	<u>13,815,705</u>	<u>14,214,334</u>
5,622		5,622
<u>2,524</u>		<u>2,524</u>
\$ <u>406,775</u>	\$ <u>13,815,705</u>	\$ <u>14,222,480</u>
\$ 14,080	\$	\$ 14,080
	56,257	56,257
<u>14,080</u>	<u>56,257</u>	<u>70,337</u>
197,537		197,537
	7,226,871	7,226,871
<u>195,158</u>		<u>195,158</u>
<u>392,695</u>	<u>7,226,871</u>	<u>7,619,566</u>
	16,650	16,650
	6,515,927	6,515,927
<u>392,695</u>	<u>13,759,448</u>	<u>14,152,143</u>
\$ <u>406,775</u>	\$ <u>13,815,705</u>	\$ <u>14,222,480</u>