

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

Ithaca, New York

FINANCIAL REPORT

**For the Years Ended
December 31, 2011 and 2010**

THE COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

DECEMBER 31, 2011 and 2010

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



**Ciaschi • Dietershagen • Little • Mickelson
& Company, LLP**

Certified Public Accountants and Consultants

Frederick J. Ciaschi, C.P.A.

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying Statements of Financial Position of The Community Foundation of Tompkins County, Inc. (the Foundation) as of December 31, 2011 and 2010, and the related Statements of Activities, Functional Expenses and Cash Flows for the years then ended. These financial statements are the responsibility of the Foundation's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as December 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The Schedules of Financial Position (Operating Fund Basis) for the years ended December 31, 2011 and 2010 on page 16 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

A handwritten signature in black ink that reads "Ciaschi, Dietershagen, Little, Mickelson & Conley, LLP". The signature is written in a cursive, flowing style.

April 6, 2012
Ithaca, New York

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CORTLAND

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

ITHACA

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

WATKINS GLEN

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

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

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Current Assets:		
Cash and Cash Equivalents:		
Checking and savings	\$ 144,619	\$ 356,831
Money market funds	88,130	47,653
Total Cash and Cash Equivalents	<u>232,749</u>	<u>404,484</u>
Unconditional promises to give to be collected within one year	<u>23,398</u>	<u>16,901</u>
Cash value of life insurance	<u>226,062</u>	<u>217,743</u>
Prepaid expenses	<u>2,018</u>	<u>1,560</u>
Investments:		
Mutual funds	2,568,416	2,582,764
Mutual funds - Permanently restricted	1,091,720	1,363,308
Equities	2,069	-0-
Exchange trade funds	<u>3,521,227</u>	<u>3,234,077</u>
Total Investments	<u>7,183,432</u>	<u>7,180,149</u>
Total Current Assets	<u>7,667,659</u>	<u>7,820,837</u>
Furniture and equipment, net of accumulated depreciation of \$8,368 in 2011 and \$8,368 in 2010	<u>-0-</u>	<u>-0-</u>
Other assets	<u>700</u>	<u>700</u>
Unconditional promises to give to be collected after one year	<u>13,189</u>	<u>7,184</u>
Total Assets	<u>\$ 7,681,548</u>	<u>\$ 7,828,721</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable	\$ 7,878	\$ 2,971
Grants payable	<u>12,059</u>	<u>21,446</u>
Total Liabilities	<u>19,937</u>	<u>24,417</u>
Net Assets:		
Unrestricted - Undesignated	244,757	253,596
Board designated	3,988,221	4,049,442
Operating endowment	140,408	140,408
Total Unrestricted Net Assets	<u>4,373,386</u>	<u>4,443,446</u>
Temporarily Restricted	<u>40,015</u>	<u>50,739</u>
Permanently Restricted	<u>3,248,210</u>	<u>3,310,119</u>
Total Net Assets	<u>7,661,611</u>	<u>7,804,304</u>
Total Liabilities and Net Assets	<u>\$ 7,681,548</u>	<u>\$ 7,828,721</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.

	2011			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenue:				
Contributions:				
Donor advised	\$ 259,847	\$	\$	\$ 259,847
Endowment			105,953	105,953
Field of interest/designated	17,591			17,591
Operating fund	191,688	585		192,273
Total Contributions and Grants	<u>469,126</u>	<u>585</u>	<u>105,953</u>	<u>575,664</u>
Investment Income:				
Interest and dividends	182,609	3,502		186,111
Unrealized (loss) gain on investments	(330,567)			(330,567)
Realized gain (loss) on investments	176,761			176,761
Management fee expense - External	(29,639)			(29,639)
Total Investment Income	<u>(836)</u>	<u>3,502</u>	<u>-0-</u>	<u>2,666</u>
Other revenue	13,667			13,667
Net assets released from restrictions/reclassification	<u>182,673</u>	<u>(14,811)</u>	<u>(167,862)</u>	<u>-0-</u>
Total Revenue	<u>664,630</u>	<u>(10,724)</u>	<u>(61,909)</u>	<u>591,997</u>
Program Expenses:				
Grants	<u>469,268</u>			<u>469,268</u>
Total Program Expenses	<u>469,268</u>	<u>-0-</u>	<u>-0-</u>	<u>469,268</u>
Supporting Services:				
Management and general	200,253			200,253
Fundraising	<u>65,169</u>			<u>65,169</u>
Total Supporting Services	<u>265,422</u>	<u>-0-</u>	<u>-0-</u>	<u>265,422</u>
Total Program Expenses and Supporting Services	<u>734,690</u>	<u>-0-</u>	<u>-0-</u>	<u>734,690</u>
(Decrease) Increase in Net Assets	(70,060)	(10,724)	(61,909)	(142,693)
Net Assets, January 1	<u>4,443,446</u>	<u>50,739</u>	<u>3,310,119</u>	<u>7,804,304</u>
Net Assets, December 31,	<u>\$ 4,373,386</u>	<u>\$ 40,015</u>	<u>\$ 3,248,210</u>	<u>\$ 7,661,611</u>

See Independent Auditor's Report and Notes to Financial Statements

2010

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 164,254	\$ 2,843	\$	\$ 167,097
10,555		1,358,112	1,358,112
283,295	23,811		307,106
<u>458,104</u>	<u>26,654</u>	<u>1,358,112</u>	<u>1,842,870</u>
124,930	25,967		150,897
772,511			772,511
(12,980)			(12,980)
(25,445)			(25,445)
<u>859,016</u>	<u>25,967</u>	<u>-0-</u>	<u>884,983</u>
14,114			14,114
<u>62,913</u>	<u>(62,913)</u>	<u>-0-</u>	<u>-0-</u>
<u>1,394,147</u>	<u>(10,292)</u>	<u>1,358,112</u>	<u>2,741,967</u>
<u>409,238</u>			<u>409,238</u>
<u>409,238</u>	<u>-0-</u>	<u>-0-</u>	<u>409,238</u>
171,821			171,821
<u>60,510</u>			<u>60,510</u>
<u>232,331</u>	<u>-0-</u>	<u>-0-</u>	<u>232,331</u>
<u>641,569</u>	<u>-0-</u>	<u>-0-</u>	<u>641,569</u>
752,578	(10,292)	1,358,112	2,100,398
<u>3,690,868</u>	<u>61,031</u>	<u>1,952,007</u>	<u>5,703,906</u>
<u>\$ 4,443,446</u>	<u>\$ 50,739</u>	<u>\$ 3,310,119</u>	<u>\$ 7,804,304</u>

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

	2011			
	Program Services	Supporting Services		Total Expenses
	Grants	Management and General	Fundraising	
Payroll and employee benefits	\$	\$ 107,732	\$ 35,911	\$ 143,643
Payroll taxes and insurance		8,456	2,818	11,274
Total Payroll and Related Expenses		-0-	116,188	38,729
Rent		10,827	3,609	14,436
Office expenses		29,655	9,885	39,540
Insurance		4,250		4,250
Consulting fees		2,167	8,666	10,833
Professional fees		18,700		18,700
Advertising and promotion			440	440
Grant expense:				
- Board Designated Funds	272,034			272,034
- Coral and Rosen Funds	124,599			124,599
- CFTC Funds	60,200			60,200
- Field of Interest Funds	12,435			12,435
Conferences		4,992		4,992
Travel		3,690		3,690
Dues and subscriptions		3,561	1,766	5,327
Miscellaneous		6,223	2,074	8,297
Total	469,268	84,065	26,440	579,773
Total Functional Expenses	\$ 469,268	\$ 200,253	\$ 65,169	\$ 734,690

See Independent Auditor's Report and Notes to Financial Statements

2010

Program Services	Supporting Services		
Grants	Management and General	Fundraising	Total Expenses
\$	\$ 94,218	\$ 31,406	\$ 125,624
	7,299	2,433	9,732
-0-	101,517	33,839	135,356
	10,725	3,575	14,300
	20,372	6,790	27,162
	2,532		2,532
	1,801	7,206	9,007
	18,470		18,470
		5,930	5,930
311,922			311,922
7,119			7,119
82,997			82,997
7,200			7,200
	4,604		4,604
	3,284		3,284
	2,040	1,012	3,052
	6,476	2,158	8,634
409,238	70,304	26,671	506,213
\$ 409,238	\$ 171,821	\$ 60,510	\$ 641,569

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

	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities:		
(Decrease) increase in net assets	\$ (142,693)	\$ 2,100,398
Reconciliation of (decrease) increase in net assets to net cash (used) provided by operating activities:		
Donated stocks	(7,345)	(104,083)
Unrealized loss (gain) on investments	330,567	(772,511)
(Gain) loss on sale of investments	(176,761)	12,980
(Increase) in promises to give	(12,502)	(3,169)
(Increase) decrease in prepaid expenses	(458)	716
(Increase) in cash value of life insurance	(8,319)	(8,823)
(Decrease) in grants payable	(9,387)	(8,601)
Increase in accounts payable	4,907	1,366
	<u>(21,991)</u>	<u>1,218,273</u>
Net Cash (Used) Provided by Operating Activities		
Cash Flows from Investing Activities:		
Purchases of investments	(2,530,173)	(4,114,601)
Proceeds from sale of investments	2,380,429	1,697,285
	<u>(149,744)</u>	<u>(2,417,316)</u>
Net Cash (Used) by Investing Activities		
Cash Flows from Financing Activities:	<u>-0-</u>	<u>-0-</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(171,735)	(1,199,043)
Cash and Cash Equivalents at January 1,	<u>404,484</u>	<u>1,603,527</u>
Cash and Cash Equivalents at December 31,	<u>\$ 232,749</u>	<u>\$ 404,484</u>
Supplemental Information:		
Donated stocks	<u>\$ 7,345</u>	<u>\$ 104,083</u>

See Independent Auditor's Report and Notes to Financial Statements

THE COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 and 2010

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, legacies, 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 Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations," which is now incorporated in the 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 in SFAS No. 116, "Accounting for Contributions Received and Contributions Made," which is now incorporated in 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, 2011 and 2010

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, 2011 and 2010, \$410 and \$269 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 2008, 2009 and 2010 are subject to examination by the IRS, generally for three years after they were filed. In addition, the Foundation's state tax returns for the same years are subject to examination by state tax authorities for similar time periods.

Concentration of Credit Risk

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

Evaluation of Subsequent Events

The Foundation has evaluated subsequent events through April 6, 2012, 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>2011</u>	<u>2010</u>
Total Unconditional Promises to Give to be collected within one year	\$ <u>23,398</u>	\$ <u>16,901</u>
Total Unconditional Promises to Give to be collected after one year:		
The present value of \$7,400, due in 2012, discounted at 3%	-0-	7,184
The present value of \$13,100, due in 2013, discounted at 3%	12,718	-0-
The present value of \$500, due in 2014, discounted at 3%	<u>471</u>	<u>-0-</u>
Total to be collected in more than one year	\$ <u>13,189</u>	\$ <u>7,184</u>

THE COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
DECEMBER 31, 2011 and 2010

Note 3 - Investments

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

<u>Investments</u>	2011		
	<u>Cost</u>	<u>Market</u>	<u>Unrealized Appreciation (Depreciation)</u>
Mutual funds:			
Bond funds	\$ 1,883,103	\$ 1,955,038	\$ 71,935
Equity funds	1,795,189	1,705,098	(90,091)
Total mutual funds	<u>3,678,292</u>	<u>3,660,136</u>	<u>(18,156)</u>
Equities	2,069	2,069	-0-
Exchange trade funds	<u>3,249,720</u>	<u>3,521,227</u>	<u>271,507</u>
Total Investments	<u>\$ 6,930,081</u>	<u>\$ 7,183,432</u>	<u>\$ 253,351</u>
	2010		
<u>Investments</u>	<u>Cost</u>	<u>Market</u>	<u>Unrealized Appreciation</u>
Mutual funds:			
Bond funds	\$ 2,028,803	\$ 2,060,788	\$ 31,985
Equity funds	1,664,123	1,885,284	221,161
Total mutual funds	<u>3,692,926</u>	<u>3,946,072</u>	<u>253,146</u>
Exchange trade funds	<u>2,903,305</u>	<u>3,234,077</u>	<u>330,772</u>
Total Investments	<u>\$ 6,596,231</u>	<u>\$ 7,180,149</u>	<u>\$ 583,918</u>

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

	2011		
	<u>Shares</u>	<u>Cost</u>	<u>Market</u>
General Portfolio:			
Mutual funds	Various	\$ 2,522,517	\$ 2,568,416
Exchange trade funds	Various	3,036,685	3,305,731
Equities		2,069	2,069
Total General Portfolio		<u>5,561,271</u>	<u>5,876,216</u>
Socially Responsible Portfolio:			
Mutual funds	Various	1,155,775	1,091,720
Exchange trade funds	Various	213,035	215,496
Total Socially Responsible Portfolio		<u>1,368,810</u>	<u>1,307,216</u>
Total Investments		<u>6,930,081</u>	<u>7,183,432</u>
Money market funds-General Portfolio	N/A	79,176	79,176
Money market funds-Socially Responsible	N/A	8,954	8,954
Total Money Market Funds		<u>88,130</u>	<u>88,130</u>
Total Investment Portfolios		<u>\$ 7,018,210</u>	<u>\$ 7,271,562</u>

THE COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
DECEMBER 31, 2011 and 2010

	Shares	2010	
		Cost	Market
General Portfolio :			
Mutual funds	Various	\$ 2,450,997	\$ 2,582,764
Exchange trade funds	Various	2,903,305	3,234,077
Total General Portfolio		5,354,302	5,816,841
Socially Responsible Portfolio:			
Mutual funds	Various	1,241,929	1,363,308
Total Socially Responsible Portfolio		1,241,929	1,363,308
Total Investments		6,596,231	7,180,149
Money market funds-General Portfolio	N/A	79,176	47,120
Money market funds-Socially Responsible	N/A	8,954	533
Total Money Market Funds		88,130	47,653
Total Investment Portfolios		\$ 6,684,361	\$ 7,227,802

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," formerly SFAS No. 157 "Fair Value Measurements," 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 COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
DECEMBER 31, 2011 and 2010

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,:

Assets at Fair Value at December 31, 2011				
	Level 1	Level 2	Level 3	Total
Cash and money market funds	\$ 88,130	\$	\$	\$ 88,130
Mutual funds	3,660,136			3,660,136
Equities	2,069			2,069
Exchange trade funds	3,521,227			3,521,227
Cash value of life insurance		226,062		226,062
Total	\$ 7,271,562	\$ 226,062	\$ -0-	\$ 7,497,624

Assets at Fair Value at December 31, 2010				
	Level 1	Level 2	Level 3	Total
Cash and money market funds	\$ 47,653	\$	\$	\$ 47,653
Mutual funds	3,946,072			3,946,072
Exchange trade funds	3,234,077			3,234,077
Cash value of life insurance		217,743		217,743
Total	\$ 7,227,802	\$ 217,743	\$ -0-	\$ 7,445,545

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 \$226,062 and \$217,743 at December 31, 2011 and 2010, 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, 2011 and 2010 was \$421,746 and \$421,470, 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, 2011 and 2010. This amount and the increase in cash value of the policy of \$8,319 and \$8,823 and are included in contribution revenue net of the premium expense of \$7,057 paid by the Foundation during the years ended December 31, 2011 and 2010.

Note 6 - Unrestricted Donation

During the fiscal year ended December 31, 2007, a contribution of monthly social security benefits was donated to the Foundation for the benefit of the Fund. This donation was discontinued during 2011.

THE COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
DECEMBER 31, 2011 and 2010

Note 7 - Furniture and Equipment

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

<u>Assets</u>	2011		
	Cost	Accumulated Depreciation	Net Book Value
Equipment	\$ 8,368	\$ 8,368	\$ -0-
Total	\$ 8,368	\$ 8,368	\$ -0-
2010			
<u>Assets</u>	Cost	Accumulated Depreciation	Net Book Value
Equipment	\$ 8,368	\$ 8,368	\$ -0-
Total	\$ 8,368	\$ 8,368	\$ -0-

Depreciation expense was \$-0- for the years ended December 31, 2011 and 2010.

Note 8 - Net Assets

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

	2011	2010
Unrestricted - Undesignated Net Assets	\$ 244,757	\$ 253,596
Board Designated Net Assets:		
Donor advised funds	3,871,177	3,937,041
Field of interest	117,044	112,401
Operating endowment	140,408	140,408
Total Board Designated Net Assets	4,128,629	4,189,850
Temporarily Restricted Net Assets:		
Restricted for time purposes	36,587	24,085
Restricted for grants	3,428	26,654
Total Temporarily Restricted Net Assets	40,015	50,739
Permanently Restricted Net Assets:		
Restricted for endowment	3,248,210	3,310,119
Total Permanently Restricted Net Assets	3,248,210	3,310,119
Total Net Assets	\$ 7,661,611	\$ 7,804,304

\$140,408 has been reclassified to Board Designated operating endowment from Permanently Restricted net assets, as these endowments are funds whose income is available for board discretionary spending.

THE COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
DECEMBER 31, 2011 and 2010

Note 9 - Administrative Fees

During the year ended December 31, 2011 the Foundation charged administrative fees totaling \$79,868. During the year ended December 31, 2010, the Foundation charged administrative fees totaling \$68,838. 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 March 31, 2012. 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 \$2,682 for 2011 and \$2,682 for 2010.

Future minimum annual lease obligations under contract after December 31, 2011 are as follows:

<u>Year</u>	<u>Amount</u>
2012	\$ <u>605</u>

Note 11 - Building Lease and Related Party Transaction

During the year ended December 31, 2008 the landlord for the Foundation's primary office space became a member of the Board of Directors, whose term ended December 31, 2010. The Foundation pays \$1,150 on a month-to-month lease. For the years ended December 31, 2011 and 2010, rental expense totaled \$13,800 and \$13,800, respectively.

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 the Lenore Coral Fund, Operating Endowment (formerly Tompkins Today and Tomorrow Fund), the Women's Fund, the Social Justice Fund, and the Bernard Carl and Shirley Rosen Library Fund. The Board of Directors of the Foundation has interpreted the New York Prudent Management of Institutional Funds Act of 2010 as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets both the original value of gifts donated to the permanent endowment and any subsequent gifts to the permanent endowment fund.

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

THE COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
DECEMBER 31, 2011 and 2010

In the year 2011, the Foundation had the following endowment related activities:

	Unrestricted	Donor-Restricted Endowment Funds	Operating Endowment Funds	Total
Beginning Balance	\$ 335,697	\$ 3,310,119	\$ 140,408	\$ 3,786,244
Interest, dividends and realized gains		120,573	4,320	124,893
Unrealized (loss)		(87,112)	(4,832)	(91,944)
Investment and administrative fees		(52,537)	(565)	(53,102)
Total Investment (Loss)	-0-	(19,076)	(1,077)	(20,153)
Contributions to perpetual endowment		105,953		105,953
Transfer to (from) Unrestricted Net Assets	147,709	(148,786)	1,077	-0-
Total Change in Endowment Funds	147,709	(61,909)	-0-	85,800
Ending Balance	<u>\$ 483,406</u>	<u>\$ 3,248,210</u>	<u>\$ 140,408</u>	<u>\$ 3,872,024</u>

In the year 2010, the Foundation had the following endowment related activities:

	Unrestricted	Donor-Restricted Endowment Funds	Operating Endowment Funds	Total
Beginning Balance	\$ 27,422	\$ 1,952,007	\$ 140,408	\$ 2,119,837
Interest, dividends and realized (losses)		(49,006)	(2,578)	(51,584)
Unrealized gain		363,362	28,509	391,871
Investment and administrative fees		(31,368)	(644)	(32,012)
Total Investment Gain	-0-	282,988	25,287	308,275
Contributions to perpetual endowment		1,358,112		1,358,112
Transfer to (from) Unrestricted Net Assets	308,275	(282,988)	(25,287)	-0-
Total Change in Endowment Funds	308,275	1,358,112	-0-	1,666,387
Ending Balance	<u>\$ 335,697</u>	<u>\$ 3,310,119</u>	<u>\$ 140,408</u>	<u>\$ 3,786,224</u>

The objective of the spending policy is:

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

THE COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
DECEMBER 31, 2011 and 2010

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

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

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

1. Provisions must be made with the Investment Advisor for timely and regular distributions as needed by the Community Foundation.
2. Total return results that exceed actual distribution of allocated spendable income normally shall be reinvested and considered principle 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 seven percent 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

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.

THE COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.
 NOTES TO FINANCIAL STATEMENTS
 (CONTINUED)
DECEMBER 31, 2011 and 2010

	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 high 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>	2011			2010		
	Operating Fund	Restricted Funds	Total	Operating Fund	Restricted Funds	Total
Current Assets:						
Cash and Cash Equivalents:						
Checking and savings	\$ 73,047	\$ 71,572	\$ 144,619	\$ 297,008	\$ 59,823	\$ 356,831
Money Market Fund		88,130	88,130		47,653	47,653
Total Cash and Cash Equivalents	<u>73,047</u>	<u>159,702</u>	<u>232,749</u>	<u>297,008</u>	<u>107,476</u>	<u>404,484</u>
Unconditional promises to give to be collected within one year	<u>23,398</u>		<u>23,398</u>	<u>12,927</u>	<u>3,974</u>	<u>16,901</u>
Cash value of life insurance		<u>226,062</u>	<u>226,062</u>		<u>217,743</u>	<u>217,743</u>
Prepaid expenses	<u>2,018</u>		<u>2,018</u>	<u>1,560</u>		<u>1,560</u>
Investments:						
Mutual funds	<u>281,276</u>	<u>2,287,140</u>	<u>2,568,416</u>	<u>104,591</u>	<u>2,478,173</u>	<u>2,582,764</u>
Mutual funds - Permanently restricted		<u>1,091,720</u>	<u>1,091,720</u>		<u>1,363,308</u>	<u>1,363,308</u>
EFT's/Equities		<u>3,523,296</u>	<u>3,523,296</u>		<u>3,234,077</u>	<u>3,234,077</u>
Total Investments	<u>281,276</u>	<u>6,902,156</u>	<u>7,183,432</u>	<u>104,591</u>	<u>7,075,558</u>	<u>7,180,149</u>
Total Current Assets	<u>379,739</u>	<u>7,287,920</u>	<u>7,667,659</u>	<u>416,086</u>	<u>7,404,751</u>	<u>7,820,837</u>
Furniture and equipment, net of accumulated depreciation of \$8,368 in 2010 and \$8,368 in 2009			-0-			-0-
Other assets	<u>700</u>		<u>700</u>	<u>700</u>		<u>700</u>
Unconditional promises to give to be collected after one year	<u>13,189</u>		<u>13,189</u>	<u>7,184</u>		<u>7,184</u>
Total Assets	<u>\$ 393,628</u>	<u>\$ 7,287,920</u>	<u>\$ 7,681,548</u>	<u>\$ 423,970</u>	<u>\$ 7,404,751</u>	<u>\$ 7,828,721</u>
<u>LIABILITIES AND NET ASSETS</u>						
Current Liabilities:						
Accounts payable	\$ 7,878		\$ 7,878	\$ 2,971		\$ 2,971
Grants payable		<u>12,059</u>	<u>12,059</u>	<u>3,184</u>	<u>18,262</u>	<u>21,446</u>
Total Liabilities	<u>7,878</u>	<u>12,059</u>	<u>19,937</u>	<u>6,155</u>	<u>18,262</u>	<u>24,417</u>
Net Assets:						
Unrestricted - Undesignated	<u>244,757</u>		<u>244,757</u>	<u>253,596</u>		<u>253,596</u>
Board designated		<u>3,988,221</u>	<u>3,988,221</u>		<u>4,049,442</u>	<u>4,049,442</u>
Operating endowment	<u>140,408</u>		<u>140,408</u>	<u>140,408</u>		<u>140,408</u>
Total Unrestricted Net Assets	<u>385,165</u>	<u>3,988,221</u>	<u>4,373,386</u>	<u>394,004</u>	<u>4,049,442</u>	<u>4,443,446</u>
Temporarily Restricted	<u>585</u>	<u>39,430</u>	<u>40,015</u>	<u>23,811</u>	<u>26,928</u>	<u>50,739</u>
Permanently Restricted		<u>3,248,210</u>	<u>3,248,210</u>		<u>3,310,119</u>	<u>3,310,119</u>
Total Net Assets	<u>385,750</u>	<u>7,275,861</u>	<u>7,661,611</u>	<u>417,815</u>	<u>7,386,489</u>	<u>7,804,304</u>
Total Liabilities and Net Assets	<u>\$ 393,628</u>	<u>\$ 7,287,920</u>	<u>\$ 7,681,548</u>	<u>\$ 423,970</u>	<u>\$ 7,404,751</u>	<u>\$ 7,828,721</u>

See Independent Auditor's Report