

COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

FINANCIAL REPORT

For the Years Ended
December 31, 2019 and 2018



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

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INDEPENDENT AUDITORS' 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, 2019 and 2018, 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.

Auditors' 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, 2019 and 2018, and the changes in its 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) on pages 26 and 26a 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,

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

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
March 20, 2020

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

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,**

ASSETS	2019	2018
Current Assets		
Cash and Cash Equivalents	\$ 3,422,812	\$ 1,779,355
Unconditional Promises to Give to be Collected Within One Year	25,250	125,000
Cash Value of Life Insurance	281,024	281,119
Prepaid Expenses	2,310	2,933
Investments	18,642,867	15,340,590
Total Current Assets	22,374,263	17,528,997
Furniture and Equipment, Net	761	1,383
Unconditional Promises to Give to be Collected After One Year	47,414	41,055
Total Assets	\$ 22,422,438	\$ 17,571,435
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 9,215	\$ 1,134
Salaries and Benefits Payable	18,609	15,783
Total Current Liabilities	27,824	16,917
Compensated Absences	27,965	24,072
Agency Funds	611,262	483,216
Total Liabilities	667,051	524,205
Net Assets		
Without Donor Restrictions	11,202,066	6,934,812
With Donor Restrictions	10,553,321	10,112,418
Total Net Assets	21,755,387	17,047,230
Total Liabilities and Net Assets	\$ 22,422,438	\$ 17,571,435

See Notes to Financial Statements

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

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

	2019		Total
	Without Donor Restrictions	With Donor Restrictions	
REVENUE			
Contributions			
Expendable Funds	\$ 3,176,203	\$	\$ 3,176,203
Endowment Funds		537,239	537,239
Operating Fund	524,205	32,109	556,314
In-Kind Contributions	3,451		3,451
Total Contributions	<u>3,703,859</u>	<u>569,348</u>	<u>4,273,207</u>
Investment Income			
Interest and Dividends	381,846		381,846
Realized and Unrealized Gain (Loss) on Investments	2,643,265		2,643,265
Total Investment Income	<u>3,025,111</u>	<u>-</u>	<u>3,025,111</u>
Other Revenue	73,431		73,431
Net Assets Released From Restrictions	128,445	(128,445)	-
Total Revenue	<u>6,930,846</u>	<u>440,903</u>	<u>7,371,749</u>
EXPENSES			
Program Expenses			
Grants	2,026,028		2,026,028
Total Program Expenses	<u>2,026,028</u>	<u>-</u>	<u>2,026,028</u>
Supporting Services			
Programs and Services	540,572		540,572
Administration and Development	96,992		96,992
Total Supporting Services	<u>637,564</u>	<u>-</u>	<u>637,564</u>
Total Program Expenses and Supporting Services	<u>2,663,592</u>	<u>-</u>	<u>2,663,592</u>
Increase (Decrease) in Net Assets	4,267,254	440,903	4,708,157
Net Assets, January 1	6,934,812	10,112,418	17,047,230
Net Assets, December 31,	<u><u>\$ 11,202,066</u></u>	<u><u>\$10,553,321</u></u>	<u><u>\$ 21,755,387</u></u>

See Notes to Financial Statements

2018

<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
\$ 1,344,844	\$	\$ 1,344,844
	876,527	876,527
215,404	161,500	376,904
29,461		29,461
<u>1,589,709</u>	<u>1,038,027</u>	<u>2,627,736</u>
403,106		403,106
(1,325,785)		(1,325,785)
<u>(922,679)</u>	<u>-</u>	<u>(922,679)</u>
100,483		100,483
<u>118,600</u>	<u>(118,600)</u>	<u>-</u>
<u>886,113</u>	<u>919,427</u>	<u>1,805,540</u>
<u>1,844,419</u>		<u>1,844,419</u>
<u>1,844,419</u>	<u>-</u>	<u>1,844,419</u>
536,679		536,679
94,539		94,539
<u>631,218</u>	<u>-</u>	<u>631,218</u>
<u>2,475,637</u>	<u>-</u>	<u>2,475,637</u>
(1,589,524)	919,427	(670,097)
<u>8,524,336</u>	<u>9,192,991</u>	<u>17,717,327</u>
<u>\$ 6,934,812</u>	<u>\$ 10,112,418</u>	<u>\$ 17,047,230</u>

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

**STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31,**

2019

	Program Services	Supporting Services		Total Expenses
	Grants	Programs and Services	Administration and Development	
Payroll and Related Expenses				
Payroll and Employee Benefits	\$	\$ 361,385	\$ 63,774	\$ 425,159
Payroll Taxes and Insurance		24,337	4,295	28,632
Total Payroll and Related Expenses	-	385,722	68,069	453,791
Grants	2,026,028			2,026,028
Rent and Parking		33,153	5,851	39,004
Office Expenses		44,577	7,867	52,444
Insurance		3,152	556	3,708
Consulting Fees		2,261	9,043	11,304
Professional Fees		23,480		23,480
Advertising and Promotion		358	1,434	1,792
Conferences and Events		22,569		22,569
Travel		1,654		1,654
Dues and Subscriptions		5,272	930	6,202
Depreciation Expense		529	93	622
Miscellaneous		17,845	3,149	20,994
Total Functional Expenses	\$ 2,026,028	\$ 540,572	\$ 96,992	\$2,663,592

See Notes to Financial Statements

2018

<u>Program Services</u>	<u>Supporting Services</u>		
<u>Grants</u>	<u>Programs and Services</u>	<u>Administration and Development</u>	<u>Total Expenses</u>
\$	\$ 344,876	\$ 47,029	\$ 391,905
	21,651	2,952	24,603
-	366,527	49,981	416,508
1,844,419			1,844,419
	33,715	4,598	38,313
	56,141	7,656	63,797
	4,045	552	4,597
	2,416	9,662	12,078
	22,584		22,584
	4,790	19,160	23,950
	21,693		21,693
	3,287		3,287
	4,631	632	5,263
	649	89	738
	16,201	2,209	18,410
<u>\$ 1,844,419</u>	<u>\$ 536,679</u>	<u>\$ 94,539</u>	<u>\$ 2,475,637</u>

COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31,

	2019	2018
Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets	\$ 4,708,157	\$ (670,097)
Reconciliation of Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	622	738
Donated Stocks	(386,420)	(1,030,923)
Realized and Unrealized (Gain) Loss on Investments	(2,643,265)	1,325,785
(Increase) Decrease in Promises to Give	93,391	(40,246)
(Increase) Decrease in Cash Value of Life Insurance	95	(7,275)
(Increase) Decrease in Prepaid Expenses	623	351
Increase (Decrease) in Accounts Payable	8,081	1,098
Increase (Decrease) in Grants Payable	2,826	(12,022)
Increase in Compensated Absences	3,893	1,967
Increase in Agency Funds	128,046	4,977
Net Cash Provided (Used) by Operating Activities	1,916,049	(425,647)
Cash Flows from Investing Activities		
Purchases of Investments	(3,951,754)	(2,712,489)
Proceeds from Sale of Investments	3,679,162	3,330,880
Net Cash Provided (Used) by Investing Activities	(272,592)	618,391
Cash Flows from Financing Activities	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	1,643,457	192,744
Cash and Cash Equivalents at January 1,	1,779,355	1,586,611
Cash and Cash Equivalents at December 31,	\$ 3,422,812	\$ 1,779,355
Supplemental Information		
Donated Stocks	\$ 386,420	\$ 1,030,923
In-Kind Donations	3,451	29,461

See Notes to Financial Statements

COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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

Nature of Operations

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 financial statements have been prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The financial statements of the Foundation have been prepared in accordance with U.S. GAAP, which requires the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

- **Net Assets Without Donor Restrictions**

Net assets available for general use and not subject to donor restrictions. Funds designated for donor-advised grants are available for distribution upon recommendation by the donor. In addition, the Board of Directors has designated, from net assets without donor restrictions, net assets for endowment. All revenues, gains, and losses that are not restricted by donors are included in this classification. All expenses are reported as decreases in net assets without donor restrictions.

- **Net Assets With Donor Restrictions**

Net assets subject to donor-imposed restrictions that will be met either by actions of the Foundation or the passage of time. These net assets include donor restricted endowments, unconditional pledges, split interest agreements, and interests in perpetual trusts held by others. Generally, the donor-imposed restrictions of these assets permit the Foundation to use all or part of the income earned on related investments only for certain general or specific purposes.

Expirations of donor restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions in the Statements of Activities. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Contributions which impose restrictions that are met in the same fiscal year they are received are reported as increases in net assets without donor restrictions.

COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

Note 1 Summary of Significant Accounting Policies - Continued

Functional Allocation of Expenses

The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Foundation are reported as expenses of those functional areas. A portion of costs that benefit multiple functional areas have been allocated based on time studies and management estimates.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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.

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 15.

In addition, many individuals have donated significant amounts of their time for program services and 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, 2019 AND 2018

Note 1 Summary of Significant Accounting Policies - Continued

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, 2019 and 2018, \$-0- and \$-0- were written off, respectively.

Concentration of Credit Risk

The Foundation maintains its cash balances at financial institutions in Tompkins County and western New York. At times, these cash balances may exceed federally insured limits.

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, "Revenue from Contracts with Customers" (Topic 606). This update supersedes existing revenue recognition guidance. Entities should now recognize revenue depicting the transfer of promised goods or services in a manner which reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In August 2015, FASB issued ASU No. 2015-14. The purpose of this update was to defer the effective date of ASU No. 2014-09. Accordingly, the effective date for non-public entities is for years beginning after December 15, 2018, applied on a retrospective basis.

In June 2018, FASB issued ASU 2018-08, "Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made" (Topic 958). This accounting standard is meant to help nonprofit entities evaluate whether transactions should be accounted for as contributions or as exchange transactions and, if the transaction is identified as a contribution, whether it is conditional or unconditional. ASU 2018-08 clarifies how an organization determines whether a resource provider is receiving commensurate value in return for resources provided. If the resource provider does receive commensurate value, the transaction is an exchange transaction and would follow the guidance under ASU 2014-09 (FASB ASC Topic 606). If no commensurate value is received from the resource provider, the transfer is a contribution.

The effective date of this ASU is for years beginning after December 15, 2018. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those reporting periods.

COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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

New Accounting Pronouncements - Continued

During the year ended December 31, 2019, the Foundation adopted the above accounting pronouncements. Where applicable, the previously reported balances have been reclassified to conform to the new pronouncements. The adoption had no effect on the net asset balances previously reported.

Future Accounting Pronouncements

In February 2016, FASB issued ASU No. 2016-02, Leases (Topic 842). ASU No. 2016-02 improves transparency and comparability among companies by recognizing lease assets and lease liabilities on the balance sheet and by disclosing key information about leasing arrangements. In November 2019, FASB issued ASU No. 2019-10, deferring the effective date of ASU 2016-02 for nonpublic entities for years beginning after December 15, 2020 and applied on a retrospective basis. The Foundation is currently assessing the financial impact of this guidance on the financial statements.

Tax Exemption

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

Evaluation of Subsequent Events

The Foundation has evaluated subsequent events and transactions for potential recognition or disclosure through March 20, 2020, the date on which these financial statements were available to be issued.

In March 2020, the coronavirus outbreak was declared to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the Organization, the Organization expects to experience effects on its programs and revenue sources, which could negatively impact the Organization's operating results in future periods.

COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

Note 2 Unconditional Promises to Give

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

	2019	2018
Total Unconditional Promises to Give to be Collected Within One Year	<u>\$ 25,250</u>	<u>\$ 125,000</u>
Total Unconditional Promises to Give to be Collected After One Year:		
The Present Value of \$50,000, Due in 2021-2023, Discounted at 3%	47,414	-
The Present Value of \$44,000, Due in 2020-2023, Discounted at 3%	-	41,055
Total to be Collected in More Than One Year	<u>\$ 47,414</u>	<u>\$ 41,055</u>

Note 3 Investments

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

Investments	2019		
	Cost	Fair Value	Unrealized Gain (Loss)
Mutual Funds:			
Bond Funds	\$ 6,222,802	\$ 6,406,673	\$ 183,871
Equity Funds	<u>9,478,882</u>	<u>11,445,520</u>	<u>1,966,638</u>
Total Mutual Funds	15,701,684	17,852,193	2,150,509
Equities	564,943	742,352	177,409
Real Estate Investment Trust	<u>39,482</u>	<u>48,322</u>	<u>8,840</u>
Total	<u>\$16,306,109</u>	<u>\$18,642,867</u>	<u>\$ 2,336,758</u>
	2018		
Investments	Cost	Fair Value	Unrealized Gain (Loss)
Mutual Funds:			
Bond Funds	\$ 5,656,091	\$ 5,569,022	\$ (87,069)
Equity Funds	<u>8,620,705</u>	<u>8,557,679</u>	<u>(63,026)</u>
Total Mutual Funds	14,276,796	14,126,701	(150,095)
Equities	943,902	932,084	(11,818)
Government Obligations	198,905	199,808	903
Real Estate Investment Trust	<u>87,012</u>	<u>81,997</u>	<u>(5,015)</u>
Total	<u>\$15,506,615</u>	<u>\$15,340,590</u>	<u>\$ (166,025)</u>

COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

Note 3 Investments - Continued

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

	2019	
	Cost	Fair Value
General Portfolio		
Mutual Funds	\$ 12,897,311	\$ 14,888,476
Equities	8,350	8,350
Total General Portfolio	12,905,661	14,896,826
 Environmental, Social, and Governance Portfolio		
Mutual Funds	2,804,373	2,963,717
Equities and REIT	596,075	782,324
Total Environmental, Social, and Governance Portfolio	3,400,448	3,746,041
 Total Investments	16,306,109	18,642,867
 Money Market Funds - General Portfolio		
Money Market Funds - Environmental, Social, and Governance Portfolio	75,262	75,262
Total Money Market Funds	75,262	75,262
 Total Investment Portfolios	\$ 16,381,371	\$ 18,718,129
	2018	
	Cost	Fair Value
General Portfolio		
Mutual Funds	\$ 12,370,003	\$ 12,332,713
Equities	537	537
Total General Portfolio	12,370,540	12,333,250
 Environmental, Social, and Governance Portfolio		
Government Obligations	198,905	199,808
Mutual Funds	1,906,793	1,793,988
Equities and REIT	1,030,377	1,013,544
Total Environmental, Social, and Governance Portfolio	3,136,075	3,007,340
 Total Investments	15,506,615	15,340,590
 Money Market Funds - General Portfolio		
Money Market Funds - Environmental, Social, and Governance Portfolio	67,481	67,481
Total Money Market Funds	67,481	67,481
 Total Investment Portfolios	\$ 15,574,096	\$ 15,408,071

COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

***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 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, 2019 AND 2018

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,:

Assets at Fair Value at December 31, 2019				
	Level 1	Level 2	Level 3	Total
Cash and Money Market Funds	\$ 75,262	\$	\$	\$ 75,262
Mutual Funds	17,852,193			17,852,193
Equities and REIT	790,674			790,674
Government Obligations				-
Cash Value of Life Insurance		281,024		281,024
Total	\$ 18,718,129	\$ 281,024	\$ -	\$18,999,153
Assets at Fair Value at December 31, 2018				
	Level 1	Level 2	Level 3	Total
Cash and Money Market Funds	\$ 67,481	\$	\$	\$ 67,481
Mutual Funds	14,126,701			14,126,701
Equities and REIT	1,014,081			1,014,081
Government Obligations		199,808		199,808
Cash Value of Life Insurance		281,119		281,119
Total	\$ 15,208,263	\$ 480,927	\$ -	\$15,689,190

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 \$281,024 and \$281,119 at December 31, 2019 and 2018, 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, 2019 and 2018 was \$416,724 and \$423,612, respectively.

COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

Note 5 Life Insurance - Continued

Premiums of \$-0- and \$7,057 were paid through a fund of the Foundation during the years ended December 31, 2019 and 2018, respectively. For the year ended December 31, 2019, premiums totaling \$5,292 were paid by taking a loan against the policy.

Note 6 Retirement Plan

The Foundation has a simplified employee pension plan (SEP) which substantially covers 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 2019 and 2018 were at the rate of 3% of employee earnings and amounted to \$11,085 and \$9,214, respectively.

Note 7 Furniture and Equipment

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

	2019		
	Cost	Accumulated Depreciation	Net Book Value
Equipment	\$ 18,258	\$ 17,497	\$ 761
Total	\$ 18,258	\$ 17,497	\$ 761
	2018		
	Cost	Accumulated Depreciation	Net Book Value
Equipment	\$ 18,258	\$ 16,875	\$ 1,383
Total	\$ 18,258	\$ 16,875	\$ 1,383

Depreciation expense was \$622 and \$738 for the years ended December 31, 2019 and 2018, respectively.

COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

Note 8 Line of Credit

The Foundation renewed a line of credit for operations on May 24, 2019 for \$100,000 with a maturity date of May 24, 2020 and an interest rate of 5.0% secured by a Tompkins Trust Company Certificate of Deposit. There was no activity during 2019 or 2018 and no outstanding balance at December 31, 2019 or 2018.

Note 9 Net Assets

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

	2019	2018
Net Assets Without Donor Restrictions		
Undesignated Net Assets	\$ 254,988	\$ 221,889
Board Designated Net Assets		
Donor Advised and Designated Funds	10,947,078	6,712,923
Total Board Designated Net Assets	10,947,078	6,712,923
Total Net Assets Without Donor Restrictions	11,202,066	6,934,812
Net Assets With Donor Restrictions		
Restricted for Time Purposes	72,664	169,000
Restricted for Endowment	10,480,657	9,943,418
Net Assets With Donor Restrictions	10,553,321	10,112,418
Total Net Assets	\$ 21,755,387	\$ 17,047,230

Note 10 Philanthropy Service Fee

During the year ended December 31, 2019, the Foundation charged philanthropy service fees totaling \$253,137. During the year ended December 31, 2018, the Foundation charged philanthropy service fees totaling \$230,752. 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.

COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

Note 11 Operating Lease Commitments

The Foundation has an operating lease commitment for copier equipment which extends through June 13, 2022. 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 \$1,585 for 2019 and \$1,585 for 2018.

Future minimum annual lease obligation under contract after December 31, 2019 is as follows:

	<u>Year</u>	<u>Amount</u>
Copier	2020	\$ 1,585
	2021	1,585
	2022	792

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 were \$2,693 through April 30, 2016 and \$2,818 from May 1, 2016 to April 30, 2017. After the initial three-year term, the Foundation exercised their option to renew for an additional three year term. The base rent shall increase annually at the Consumer Price Index, Urban Wage Earning National, as published by the Bureau of Labor Statistics, United States Department of Labor.

Rental expense was \$36,594 and \$36,276 for the years ended December 31, 2019 and 2018, respectively.

Minimum future lease payments under the operating leases after December 31, 2019 are expected to be as follows:

	<u>Year</u>	<u>Amount</u>
Office Lease	2020	\$ 11,774

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 U.S. 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.

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

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

Note 12 Endowment Funds - Continued

Board and donor-restricted endowment funds consist of an Operating Endowment and 48 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 net assets with donor restrictions, 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 U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions.

In 2019, the Foundation had the following endowment related activities:

	Endowment Funds Appreciation	Endowment Funds Principal	Total
Beginning Balance	<u>\$ 1,699,121</u>	<u>\$ 9,943,418</u>	<u>\$11,642,539</u>
Interest, Dividends, and Realized Gains	372,876		372,876
Unrealized Gain (Loss)	1,690,446		1,690,446
Investment and Administrative Fees	(163,118)		(163,118)
Total Investment Gain (Loss)	<u>1,900,204</u>	<u>-</u>	<u>1,900,204</u>
Contributions to Perpetual Endowment		537,239	537,239
Grants Paid	(310,615)		(310,615)
Other Expenses	4,160		4,160
Ending Balance	<u><u>\$ 3,292,870</u></u>	<u><u>\$10,480,657</u></u>	<u><u>\$13,773,527</u></u>

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

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

Note 12 Endowment Funds - Continued

In 2018, the Foundation had the following endowment related activities:

	Endowment Funds Appreciation	Endowment Funds Principal	Total
Beginning Balance	\$ 2,618,088	\$ 9,066,891	\$11,684,979
Interest, Dividends, and Realized Gains	448,152		448,152
Unrealized Gain (Loss)	(1,050,224)		(1,050,224)
Investment and Administrative Fees	(166,116)		(166,116)
Total Investment Gain (Loss)	(768,188)	-	(768,188)
Contributions to Perpetual Endowment		876,527	876,527
Other Transfers	137,655		137,655
Grants Paid	(287,895)		(287,895)
Other Expenses	(539)		(539)
Ending Balance	\$ 1,699,121	\$ 9,943,418	\$11,642,539

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; and
- 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 2019 Spending Policy percentage has been set by the Board at 4%. In general, 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 lead to spending, which would 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 that commensurate with this spending policy.

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

COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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

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.
- 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 Investment Policy Statement (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

Overview

This Spending Policy applies to each of the Foundation's **endowed funds** separately and determines the spendable amount available each year for grant-making. This Policy also specifies the fees applicable to both endowed and non-endowed invested funds.

COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

Note 12 Endowment Funds - Continued

Implementation of Spending Policy - Continued

Definitions

The *spendable amount* is the maximum amount that can be spent on grant-making in the current year.

The *payout percentage* is the percentage set by the Board that determines the spendable amount (as described below). For 2019, the Board has set the payout percentage to 4%.

The *fund balance* is the market value of the fund, net of all fees.

The *fund principal* is the dollar amount of the initial contribution plus all subsequent additional contributions and gifts to the fund (but excluding return on investments).

The *total return* is the difference between the fund balance and the fund principal (or zero if the fund balance is less than the fund principal).

Spendable Amount

Early in the calendar year, the Board sets the payout percentage (consistent with the Investment Policy Statement) and the spendable amount is determined based in part on the total return at the end of the previous year. The payout percentage is generally in the range of 3% to 5%. The spendable amount is specified to be the lesser of:

- The total return, and
- The payout percentage of the fund balance averaged over the previous 20 quarters (or as many quarters as the fund has existed, if less than 20).

The spendable amount is the maximum that can be granted, but there is no obligation to grant the whole amount. Any unspent amount remains in the fund as part of the total return. There is no carry-over of an unspent amount as a spendable amount in subsequent years.

Initial Payout

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 Community Foundation of their desire.

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

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

Note 12 Endowment Funds - Continued

Implementation of Spending Policy - Continued

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

Initial Minimum Contribution	Two Year Option	
Unrestricted, Donor Advised Endowed, Scholarship and Field of Interest	\$ 10,000	\$ 5,000
Agency Funds	20,000	10,000

Assessments and Fees

All invested funds (endowed and non-endowed) are subject to a philanthropic services assessment levied by the Foundation and also an investment management fee levied by the Investment Manager.

For 2019 and 2018, these assessments and fees are:

Philanthropic Services Assessment

- 1.75% on balances under \$50,000, \$150 annual minimum
- 1.25% on balances of \$50,000 and above
- 2.0% on all scholarship fund balances, \$150 annual minimum

Investment Management Fees

- Non-SRI/ESG (Vanguard) portfolios: 0.2%
- SRI/ESG portfolio (Brown Advisory) portfolio: 0.35%

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

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

Note 13 Agency Funds

FASB ASC 958 establishes standards for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer those assets, return on investment, or both, to the donor or another entity specified by the donor. FASB 958 specifically requires that if a nonprofit organization establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability (Agency Funds) rather than net assets of the Foundation.

At December 31, 2019 and 2018, the Foundation was the owner of 14 and 14 Agency Funds with a combined value of \$611,264 and \$483,216, respectively. The following table summarizes the activity in Agency Funds for the years ended December 31, 2019 and 2018:

	2019	2018
Beginning Balance	\$ 483,216	\$ 478,239
Contributions	90,451	71,007
Net Investment Income	96,494	(28,326)
Grants Paid	(49,076)	(29,198)
Investment Fees	(1,041)	(1,019)
Philanthropy Service Fees	(8,400)	(7,347)
Other Income or (Expense)	(380)	(140)
	\$ 611,264	\$ 483,216
Ending Balance		

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

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

Note 14 Liquidity

The Foundation's financial assets available within one year of the statement financial position date for general expenditure are as follows:

	2019	2018
Financial Assets at Year End		
Cash and Cash Equivalents	\$ 3,422,812	\$ 1,779,355
Unconditional Promises to Give	72,664	166,055
Investments	18,642,867	15,340,590
Total Financial Assets	22,138,343	17,286,000
Less		
Amounts Unavailable for General Expenditures Within One Year Due to:		
Restricted by Donors with Time Restrictions	(72,664)	(169,000)
Restricted by Donors in Perpetuity	(10,480,657)	(9,943,418)
Total Amounts Unavailable for General Expenditures Within One Year	(10,553,321)	(10,112,418)
Amounts Unavailable to Management Without Board's Approval:		
Board Designated:		
Donor Advised and Designated Funds	(10,947,078)	(6,712,923)
Total Amounts Unavailable to Management Without Board's Approval	(10,947,078)	(6,712,923)
Total Financial Assets Available for General Expenditures Within One Year	\$ 637,944	\$ 460,659

In addition to these funds available for general expenditures, the Foundation charges an administrative fee, ranging from 1.25% to 1.75%, to all funds based on the funds' average quarterly market value over the preceding twelve quarters to cover general expenditures. The Foundation manages its financial assets to be available as its operating expenditures, liabilities, and other obligations come due. In addition, the Foundation invests cash in excess of daily requirements in short-term investments or fixed income securities. The Foundation has a \$100,000 line of credit available to supplement working capital and investment commitments.

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

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

Note 15 Donated Goods and Services

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

	<u>2019</u>	<u>2018</u>
Food and Catering Services	\$ 1,751	\$ 250
Accounting	1,700	1,700
Radio Advertising		21,000
Online Fundraising Software		5,000
Photography		450
Framing		1,061
	<hr/>	<hr/>
Total	<u><u>\$ 3,451</u></u>	<u><u>\$ 29,461</u></u>

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

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

	2019		
	Operating Fund	Restricted Funds	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 115,175	\$ 3,307,637	\$ 3,422,812
Unconditional Promises to Give to be Collected Within One Year	25,250		25,250
Cash Value of Life Insurance		281,024	281,024
Prepaid Expenses	2,310		2,310
Investments	480,403	18,162,464	18,642,867
Total Current Assets	623,138	21,751,125	22,374,263
Furniture and Equipment, Net	761		761
Unconditional Promises to Give to be Collected After One Year	47,414		47,414
Total Assets	\$ 671,313	\$ 21,751,125	\$ 22,422,438
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts Payable	\$	\$ 9,215	\$ 9,215
Salaries and Benefits Payable	18,609		18,609
Total Current Liabilities	18,609	9,215	27,824
Compensated Absences	27,965		27,965
Agency Funds		611,262	611,262
Total Liabilities	46,574	620,477	667,051
Net Assets			
Without Donor Restrictions	254,988	10,947,078	11,202,066
With Donor Restrictions	369,751	10,183,570	10,553,321
Total Net Assets	624,739	21,130,648	21,755,387
Total Liabilities and Net Assets	\$ 671,313	\$ 21,751,125	\$ 22,422,438

2018

Operating Fund	Restricted Funds	Total
\$ 134,982	\$ 1,644,373	\$ 1,779,355
125,000		125,000
	281,119	281,119
2,933		2,933
252,949	15,087,641	15,340,590
<u>515,864</u>	<u>17,013,133</u>	<u>17,528,997</u>
1,383		1,383
41,055		41,055
<u>\$ 558,302</u>	<u>\$17,013,133</u>	<u>\$17,571,435</u>
\$ 15,783	\$ 1,134	\$ 1,134
15,783	1,134	16,917
24,072		24,072
	483,216	483,216
<u>39,855</u>	<u>484,350</u>	<u>524,205</u>
221,889	6,712,923	6,934,812
296,558	9,815,860	10,112,418
<u>518,447</u>	<u>16,528,783</u>	<u>17,047,230</u>
<u>\$ 558,302</u>	<u>\$17,013,133</u>	<u>\$17,571,435</u>