

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

**Ithaca, New York**

**FINANCIAL REPORT**

**For the Years Ended  
December 31, 2010 and 2009**

THE COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

DECEMBER 31, 2010 and 2009

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& Company, LLP**

*Certified Public Accountants and Consultants*

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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, 2010 and 2009, and the related Statements of Activities, 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, 2010 and 2009, 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, 2010 and 2009 on page 14 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 &amp; Conley, LLP". The signature is written in a cursive, flowing style.

March 23, 2011  
Ithaca, New York

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

**ASSETS**

	2010	2009
Current Assets:		
Cash and Cash Equivalents:		
Checking and savings	\$ 356,831	\$ 408,646
Money market funds	47,653	1,194,881
Total Cash and Cash Equivalents	404,484	1,603,527
Unconditional promises to give to be collected within one year	16,901	12,324
Cash value of life insurance	217,743	208,920
Prepaid expenses	1,560	2,276
Investments:		
Mutual funds	2,582,764	1,077,181
Mutual funds - Permanently restricted	1,363,308	1,259,428
Exchange trade funds	3,234,077	1,562,610
Total Investments	7,180,149	3,899,219
Total Current Assets	7,820,837	5,726,266
Furniture and equipment, net of accumulated depreciation of \$8,368 in 2010 and \$8,368 in 2009	-0-	-0-
Other assets	700	700
Unconditional promises to give to be collected after one year	7,184	8,592
Total Assets	\$ 7,828,721	\$ 5,735,558

**LIABILITIES AND NET ASSETS**

Current Liabilities:		
Accounts payable	\$ 2,971	\$ 1,605
Grants payable	21,446	30,047
Total Liabilities	24,417	31,652
Net Assets:		
Unrestricted - Undesignated	253,596	146,237
Board designated	4,049,442	3,404,223
Permanently restricted	140,408	140,408
Total Unrestricted Net Assets	4,443,446	3,690,868
Temporarily Restricted	50,739	61,031
Permanently Restricted	3,310,119	1,952,007
Total Net Assets	7,804,304	5,703,906
Total Liabilities and Net Assets	\$ 7,828,721	\$ 5,735,558

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,

	2010			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenue:				
Contributions:				
Donor advised	\$ 164,254	\$ 2,843	\$	\$ 167,097
Endowment			1,358,112	1,358,112
Field of interest/designated	10,555			10,555
Operating fund	283,295	23,811		307,106
Total Contributions and Grants	<u>458,104</u>	<u>26,654</u>	<u>1,358,112</u>	<u>1,842,870</u>
Investment Income:				
Interest and dividends	124,930	25,967		150,897
Unrealized gain on investments	772,511			772,511
Realized (loss) on investments	(12,980)			(12,980)
Management fee expense - External	(25,445)			(25,445)
Total Investment Income	<u>859,016</u>	<u>25,967</u>	<u>-0-</u>	<u>884,983</u>
Other revenue	14,114			14,114
Net assets released from restrictions/reclassification	62,913	(62,913)		-0-
Total Revenue	<u>1,394,147</u>	<u>(10,292)</u>	<u>1,358,112</u>	<u>2,741,967</u>
Expenses:				
Administrative Expenses:				
Payroll	124,007			124,007
Payroll taxes and insurance	11,349			11,349
Office expense and supplies	10,556			10,556
Dues and subscriptions	3,052			3,052
Insurance expense	2,532			2,532
Printing, postage, and publications	6,954			6,954
Telephone and website	6,834			6,834
Travel and conferences	3,284			3,284
Consulting and professional fees	27,477			27,477
Meetings	4,604			4,604
Advertising	5,930			5,930
Rent	14,300			14,300
Equipment and equipment rental	2,818			2,818
Miscellaneous	8,634			8,634
Total Administrative Expenses	<u>232,331</u>	<u>-0-</u>	<u>-0-</u>	<u>232,331</u>
Awards and Grants - Board Designated Funds	311,922			311,922
- Coral Funds	7,119			7,119
- CFTC Funds	82,997			82,997
- Field of Interest Funds	7,200			7,200
Depreciation expense				-0-
Total Expenses	<u>641,569</u>	<u>-0-</u>	<u>-0-</u>	<u>641,569</u>
Increase (Decrease) in Net Assets	752,578	(10,292)	1,358,112	2,100,398
Net Assets, January 1	<u>3,690,868</u>	<u>61,031</u>	<u>1,952,007</u>	<u>5,703,906</u>
Net Assets, December 31,	<u>\$ 4,443,446</u>	<u>\$ 50,739</u>	<u>\$ 3,310,119</u>	<u>\$ 7,804,304</u>

See Independent Auditor's Report and Notes to Financial Statements

2009

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 142,121	\$ 13,090	\$	\$ 155,211
		1,196,593	1,196,593
37,297			37,297
187,490	27,025		214,515
<u>366,908</u>	<u>40,115</u>	<u>1,196,593</u>	<u>1,603,616</u>
79,941	14,894		94,835
882,102			882,102
(131,446)			(131,446)
(13,216)			(13,216)
<u>817,381</u>	<u>14,894</u>	<u>-0-</u>	<u>832,275</u>
19,124			19,124
152,615	(152,615)		-0-
<u>1,356,028</u>	<u>(97,606)</u>	<u>1,196,593</u>	<u>2,455,015</u>
118,164			118,164
10,759			10,759
12,127			12,127
2,302			2,302
2,359			2,359
8,611			8,611
3,237			3,237
2,511			2,511
20,899			20,899
1,930			1,930
580			580
14,300			14,300
3,622			3,622
11,225			11,225
<u>212,626</u>	<u>-0-</u>	<u>-0-</u>	<u>212,626</u>
306,159			306,159
8,445			8,445
52,000			52,000
28,877			28,877
263			263
<u>608,370</u>	<u>-0-</u>	<u>-0-</u>	<u>608,370</u>
747,658	(97,606)	1,196,593	1,846,645
<u>2,943,210</u>	<u>158,637</u>	<u>755,414</u>	<u>3,857,261</u>
<u>\$ 3,690,868</u>	<u>\$ 61,031</u>	<u>\$ 1,952,007</u>	<u>\$ 5,703,906</u>

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

	<u>2010</u>	<u>2009</u>
Cash Flows from Operating Activities:		
Increase in net assets	\$ 2,100,398	\$ 1,846,645
Reconciliation of increase in net assets to net cash provided by operating activities:		
Depreciation	-0-	263
Donated stocks	(104,083)	(4,991)
Unrealized (gain) on investments	(772,511)	(882,102)
Loss on sale of investments	12,980	131,446
(Increase) decrease in promises to give	(3,169)	99,058
Decrease (increase) in prepaid expenses	716	(2,276)
(Increase) in cash value of life insurance	(8,823)	(9,828)
(Decrease) increase in grants payable	(8,601)	27,604
Increase in accounts payable	1,366	1,605
	<u>1,218,273</u>	<u>1,207,424</u>
Cash Flows from Investing Activities:		
Purchases of investments	(4,114,601)	(1,281,142)
Proceeds from sale of investments	1,697,285	817,235
	<u>(2,417,316)</u>	<u>(463,907)</u>
Cash Flows from Financing Activities:	<u>-0-</u>	<u>-0-</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,199,043)	743,517
Cash and Cash Equivalents at January 1,	<u>1,603,527</u>	<u>860,010</u>
Cash and Cash Equivalents at December 31,	<u>\$ 404,484</u>	<u>\$ 1,603,527</u>
Supplemental Information:		
Donated stocks	<u>\$ 104,083</u>	<u>\$ 4,991</u>

See Independent Auditor's Report and Notes to Financial Statements

THE COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010 and 2009

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, 2010 and 2009

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, 2010 and 2009; \$269 and \$4,100 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 in the Foundation's program services and in its fund raising 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.

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 March 23, 2011, 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>2010</u>	<u>2009</u>
Total Unconditional Promises to Give to be collected within one year	\$ <u>16,901</u>	\$ <u>12,324</u>
Total Unconditional Promises to Give to be collected after one year:		
The present value of \$8,850, due in 2011, discounted at 3%	-0-	8,592
The present value of \$7,400, due in 2012, discounted at 3%	<u>7,184</u>	<u>-0-</u>
Total to be collected in more than one year	\$ <u>7,184</u>	\$ <u>8,592</u>

THE COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
DECEMBER 31, 2010 and 2009

Note 3 - Investments

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

<u>Investments</u>	<u>2010</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>3,693,926</u>	<u>3,946,072</u>	<u>252,146</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>
	<u>2009</u>		
<u>Investments</u>	<u>Cost</u>	<u>Market</u>	<u>Unrealized Appreciation (Depreciation)</u>
Mutual funds			
Bond funds	\$ 1,099,606	\$ 1,115,486	\$ 15,880
Equity funds	1,273,364	1,221,123	(52,241)
Total mutual funds	<u>2,372,970</u>	<u>2,336,609</u>	<u>(36,361)</u>
Exchange trade funds	<u>1,714,842</u>	<u>1,562,610</u>	<u>(152,232)</u>
Total Investments	<u>\$ 4,087,812</u>	<u>\$ 3,899,219</u>	<u>\$ (188,593)</u>

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

	<u>2010</u>		
	<u>Shares</u>	<u>Cost</u>	<u>Market</u>
General Portfolio:			
Mutual funds	Various	\$ 2,450,997	\$ 2,582,754
Exchange trade funds	Various	2,903,305	3,234,077
Total General Portfolio		<u>5,354,302</u>	<u>5,816,831</u>
Socially Responsible Portfolio:			
Mutual funds	Various	1,241,929	1,363,318
Total Socially Responsible Portfolio		<u>1,241,929</u>	<u>1,363,318</u>
Total Investments		<u>6,596,231</u>	<u>7,180,149</u>
Money market funds-General Portfolio	N/A	47,120	47,120
Money market funds-Socially Responsible	N/A	533	533
Total Money Market Funds		<u>47,653</u>	<u>47,653</u>
Total Investment Portfolios		<u>\$ 6,643,884</u>	<u>\$ 7,227,802</u>

THE COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
DECEMBER 31, 2010 and 2009

	Shares	2009	
		Cost	Market
General Portfolio :			
Mutual funds	Various	\$ 1,098,266	\$ 1,077,181
Exchange trade funds	Various	<u>1,714,842</u>	<u>1,562,610</u>
Total General Portfolio		<u>2,813,108</u>	<u>2,639,791</u>
Socially Responsible Portfolio:			
Mutual funds	Various	<u>1,274,704</u>	<u>1,259,428</u>
Total Socially Responsible Portfolio		<u>1,274,704</u>	<u>1,259,428</u>
Money market funds-General Portfolio	N/A	1,194,871	1,194,871
Money market funds-Socially Responsible	N/A	<u>10</u>	<u>10</u>
Total Money Market Funds		<u>1,194,881</u>	<u>1,194,881</u>
Total Investment Portfolios		<u>\$ 5,282,693</u>	<u>\$ 5,094,100</u>

Market Risk

Future changes in market prices may make a financial instrument less valuable. Ownership interest is subject to the risk of loss from a decrease in value due to interest rate fluctuations which may result in a decline that is other than temporary.

Note 4 - Fair Value Measurements

FASB ASC 820, "Fair Value Measurements and Disclosures," 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, 2010 and 2009

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, 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
Assets at Fair Value at December 31, 2009				
	Level 1	Level 2	Level 3	Total
Cash and money market funds	\$ 1,194,881	\$	\$	\$ 1,194,881
Mutual funds	2,336,609			2,336,609
Exchange trade funds	1,562,610			1,562,610
Cash value of life insurance		208,920		208,920
Total	\$ 5,094,100	\$ 208,920	\$ -0-	\$ 5,303,020

**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 \$217,743 and \$208,920 at December 31, 2010 and 2009, 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, 2010 and 2009 was \$421,470 and \$420,973, 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, 2010 and 2009. This amount and the increase in cash value of the policy of \$8,823 and \$9,828 and are included in contribution revenue net of the premium expense of \$7,057 paid by the Foundation during the years ended December 31, 2010 and 2009.

**Note 6 - Tompkins Today and Tomorrow 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 Tompkins Today and Tomorrow Fund. This donation will continue until discontinued by the donor.

THE COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
DECEMBER 31, 2010 and 2009

Note 7 - Furniture and Equipment

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

<u>Assets</u>	2010		
	Cost	Accumulated Depreciation	Net Book Value
Equipment	\$ 8,368	\$ 8,368	\$ -0-
Total	\$ 8,368	\$ 8,368	\$ -0-
2009			
<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 year ended December 31, 2010 and \$263 for the year ended December 31, 2009.

Note 8 - Net Assets

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

	2010	2009
Unrestricted - Undesignated Net Assets	\$ 253,596	\$ 146,237
Board Designated Net Assets:		
Donor advised funds	3,937,041	3,315,411
Field of interest	112,401	88,812
Permanent endowment	140,408	140,408
Total Board Designated Net Assets	4,189,850	3,544,631
Temporarily Restricted Net Assets:		
Restricted for time purposes	24,085	20,916
Restricted for grants	26,654	40,115
Total Temporarily Restricted Net Assets	50,739	61,031
Permanently Restricted Net Assets:		
Restricted for endowment	3,310,119	1,952,007
Total Permanently Restricted Net Assets	3,310,119	1,952,007
Total Net Assets	\$ 7,804,304	\$ 5,703,906

\$140,408 has been reclassified to Board Designated 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, 2010 and 2009

Note 9 - Administrative Fees

During the year ended December 31, 2010 the Foundation charged administrative fees totaling \$68,838. During the year ended December 31, 2009, the Foundation charged administrative fees totaling \$42,990. 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 2010 and \$2,676 for 2009.

Future minimum annual lease obligations under contract after December 31, 2010 are as follows:

Year	Amount
2011	\$ 2,419
2012	605

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. The Foundation pays \$1,150 on a month-to-month lease. For the years ended December 31, 2010 and 2009, rental expense totaled \$13,800 and \$13,800, respectively. The landlord's term on the Board ended December 31, 2010.

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.

Donor-restricted endowment funds consist of the Lenore Coral Fund, portions of the Tompkins Today and Tomorrow Fund, the Women's Fund, the Social Justice Fund, and the Bernard Carl and Shirley Rosen Fund. The Board of Directors of the Foundation has interpreted New York State's version of the Uniform Management of Institutional Funds Act of 1972 (UMIFA) 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, 2010 and 2009

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

	Donor- Restricted Endowment Funds	Board- Designated Endowment Funds	Total
Beginning Balance	\$ 1,952,007	\$ 140,408	\$ 2,092,415
Interest, dividends and realized (losses)	(49,006)	(2,578)	(51,584)
Unrealized gain	363,362	28,509	391,871
Investment and administrative fees	<u>(31,368)</u>	<u>(644)</u>	<u>(32,012)</u>
Total Investment Gain	282,988	25,287	308,275
Contributions to perpetual endowment	1,358,112		1,358,112
Transfer to Unrestricted Net Assets	<u>(282,988)</u>	<u>(25,287)</u>	<u>(308,275)</u>
Total Change in Endowment Funds	<u>1,358,112</u>	<u>-0-</u>	<u>1,358,112</u>
Ending Balance	<u>\$ 3,310,119</u>	<u>\$ 140,408</u>	<u>\$ 3,450,527</u>

In the year 2009, the Foundation had the following endowment related activities:

	Donor- Restricted Endowment Funds	Board- Designated Endowment Funds	Total
Beginning Balance	\$ 755,414	\$ 140,408	\$ 895,822
Interest, dividends and realized (losses)	(677)	(243)	(920)
Unrealized gain	14,733	14,861	29,594
Investment and administrative fees	<u>(1,005)</u>	<u>(247)</u>	<u>(1,252)</u>
Total Investment Gain	13,051	14,371	27,422
Contributions to perpetual endowment	1,196,593		1,196,593
Transfer from Unrestricted Net Assets	<u>(13,051)</u>	<u>(14,371)</u>	<u>(27,422)</u>
Total Change in Endowment Funds	<u>1,196,593</u>	<u>-0-</u>	<u>1,196,593</u>
Ending Balance	<u>\$ 1,952,007</u>	<u>\$ 140,408</u>	<u>\$ 2,092,415</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, 2010 and 2009

The Community Foundation Board will approve annually a percentage to be available for grant making from endowed funds. In general, the target endowment spending is 4% 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.

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

Implementation of Spending Policy

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.

	<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

Administrative Fee:	1.5% on balances under \$50,000 1% on balances of \$50,000 and above 2% on all scholarship fund balances
Investment Fee:	.40% on balance

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 Tompkins Today and Tomorrow 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 Tompkins Today and Tomorrow 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>	2010			2009		
	Operating Fund	Restricted Funds	Total	Operating Fund	Restricted Funds	Total
Current Assets:						
Cash and Cash Equivalents:						
Checking and savings	\$ 297,008	\$ 59,823	\$ 356,831	\$ 174,537	\$ 234,109	\$ 408,646
Money Market Fund		47,653	47,653		1,194,881	1,194,881
Total Cash and Cash Equivalents	<u>297,008</u>	<u>107,476</u>	<u>404,484</u>	<u>174,537</u>	<u>1,428,990</u>	<u>1,603,527</u>
Unconditional promises to give to be collected within one year	<u>12,927</u>	<u>3,974</u>	<u>16,901</u>	<u>9,394</u>	<u>2,930</u>	<u>12,324</u>
Cash value of life insurance		<u>217,743</u>	<u>217,743</u>		<u>208,920</u>	<u>208,920</u>
Prepaid expenses	<u>1,560</u>		<u>1,560</u>	<u>2,276</u>		<u>2,276</u>
Investments:						
Mutual funds	<u>104,591</u>	<u>2,478,173</u>	<u>2,582,764</u>	<u>119,776</u>	<u>957,405</u>	<u>1,077,181</u>
Mutual funds - Permanently restricted		<u>1,363,308</u>	<u>1,363,308</u>		<u>1,259,428</u>	<u>1,259,428</u>
EFT's\Equities		<u>3,234,077</u>	<u>3,234,077</u>		<u>1,562,610</u>	<u>1,562,610</u>
Total Investments	<u>104,591</u>	<u>7,075,558</u>	<u>7,180,149</u>	<u>119,776</u>	<u>3,779,443</u>	<u>3,899,219</u>
Total Current Assets	<u>416,086</u>	<u>7,404,751</u>	<u>7,820,837</u>	<u>305,983</u>	<u>5,420,283</u>	<u>5,726,266</u>
Furniture and equipment, net of accumulated depreciation of \$8,368 in 2010 and \$8,368 in 2009			<u>-0-</u>			<u>-0-</u>
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>7,184</u>		<u>7,184</u>	<u>8,592</u>		<u>8,592</u>
Total Assets	<u>\$ 423,970</u>	<u>\$ 7,404,751</u>	<u>\$ 7,828,721</u>	<u>\$ 315,275</u>	<u>\$ 5,420,283</u>	<u>\$ 5,735,558</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>						
Current Liabilities:						
Accounts payable	\$ 2,971		\$ 2,971	\$ 1,605		\$ 1,605
Grants payable	<u>3,184</u>	<u>18,262</u>	<u>21,446</u>		<u>30,047</u>	<u>30,047</u>
Total Liabilities	<u>6,155</u>	<u>18,262</u>	<u>24,417</u>	<u>1,605</u>	<u>30,047</u>	<u>31,652</u>
Net Assets:						
Unrestricted - Undesignated	<u>253,596</u>		<u>253,596</u>	<u>146,237</u>		<u>146,237</u>
Board designated		<u>4,049,442</u>	<u>4,049,442</u>		<u>3,404,223</u>	<u>3,404,223</u>
Permanently restricted	<u>140,408</u>		<u>140,408</u>	<u>140,408</u>		<u>140,408</u>
Total Unrestricted Net Assets	<u>394,004</u>	<u>4,049,442</u>	<u>4,443,446</u>	<u>286,645</u>	<u>3,404,223</u>	<u>3,690,868</u>
Temporarily Restricted	<u>23,811</u>	<u>26,928</u>	<u>50,739</u>	<u>27,025</u>	<u>34,006</u>	<u>61,031</u>
Permanently Restricted		<u>3,310,119</u>	<u>3,310,119</u>		<u>1,952,007</u>	<u>1,952,007</u>
Total Net Assets	<u>417,815</u>	<u>7,386,489</u>	<u>7,804,304</u>	<u>313,670</u>	<u>5,390,236</u>	<u>5,703,906</u>
Total Liabilities and Net Assets	<u>\$ 423,970</u>	<u>\$ 7,404,751</u>	<u>\$ 7,828,721</u>	<u>\$ 315,275</u>	<u>\$ 5,420,283</u>	<u>\$ 5,735,558</u>

See Independent Auditor's Report