

COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

Ithaca, New York

FINANCIAL REPORT

December 31, 2018 and 2017



***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, 2018 and 2017, 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.

INSERO & Co. CPAs, LLP

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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, 2018 and 2017, 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 Basis) on pages 25 and 25a 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.

Emphasis of Matters

As discussed in Note 1 to the consolidated financial statements, the Foundation adopted Accounting Standards Update 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, during the year ended December 31, 2018.

As discussed in Note 16 to the financial statements, net assets as of January 1, 2017 were restated to reflect agency endowment fund and compensated absences liabilities.

Our opinion is not modified with respect to these matters.

Respectfully Submitted,

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

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
March 25, 2019

COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION DECEMBER 31,

ASSETS	2018	2017
Current Assets		
Cash and Cash Equivalents:		
Checking and Savings	\$ 1,711,874	\$ 1,560,218
Money Market Funds	<u>67,481</u>	<u>26,393</u>
Total Cash and Cash Equivalents	1,779,355	1,586,611
Unconditional Promises to Give to be Collected Within One Year	125,000	115,809
Cash Value of Life Insurance	281,119	273,844
Prepaid Expenses	2,933	3,284
Investments	<u>15,340,590</u>	<u>16,253,843</u>
Total Current Assets	17,528,997	18,233,391
Furniture and Equipment, Net	1,383	2,121
Unconditional Promises to Give to be Collected after One Year	<u>41,055</u>	<u>10,000</u>
Total Assets	<u>\$ 17,571,435</u>	<u>\$ 18,245,512</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 15,783	\$ 14,685
Grants Payable	<u>1,134</u>	<u>13,156</u>
Total Current Liabilities	16,917	27,841
Compensated Absences	24,072	22,105
Agency Funds	<u>483,216</u>	<u>478,239</u>
Total Liabilities	<u>524,205</u>	<u>528,185</u>
Net Assets		
Without Donor Restrictions	6,934,812	8,524,336
With Donor Restrictions	<u>10,112,418</u>	<u>9,192,991</u>
Total Net Assets	<u>17,047,230</u>	<u>17,717,327</u>
Total Liabilities and Net Assets	<u>\$ 17,571,435</u>	<u>\$ 18,245,512</u>

See Notes to Financial Statements.

COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31,

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
Contributions			
Donor Advised	\$ 1,297,026	\$	\$ 1,297,026
Endowment		876,527	876,527
Field of Interest/Designated	47,818		47,818
Operating Fund	215,404	161,500	376,904
In-Kind Contributions	29,461		29,461
Total Contributions	1,589,709	1,038,027	2,627,736
Investment Income			
Interest and Dividends	403,106		403,106
Realized and Unrealized (Loss) Gain on Investments	(1,325,785)		(1,325,785)
Total Investment Income	(922,679)	-	(922,679)
Other Revenue	100,483		100,483
Net Assets Released from Restrictions/Reclassification	118,600	(118,600)	-
Total Revenue	886,113	919,427	1,805,540
Program Expenses			
Grants	1,844,419		1,844,419
Total Program Expenses	1,844,419	-	1,844,419
Supporting Services			
Management and General	536,679		536,679
Fundraising	94,539		94,539
Total Supporting Services	631,218	-	631,218
Total Program Expenses and Supporting Services	2,475,637	-	2,475,637
Increase (Decrease) in Net Assets	(1,589,524)	919,427	(670,097)
Net Assets, January 1	8,524,336	9,192,991	17,717,327
Net Assets, December 31,	\$ 6,934,812	\$10,112,418	\$ 17,047,230

See Notes to Financial Statements.

2017		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 1,661,545	\$	\$ 1,661,545
	1,382,289	1,382,289
45,849		45,849
368,290	114,500	482,790
4,219		4,219
<u>2,079,903</u>	<u>1,496,789</u>	<u>3,576,692</u>
258,486		258,486
1,731,033		1,731,033
<u>1,989,519</u>	<u>-</u>	<u>1,989,519</u>
65,026		65,026
48,500	(48,500)	-
<u>4,182,948</u>	<u>1,448,289</u>	<u>5,631,237</u>
1,543,258		1,543,258
<u>1,543,258</u>	<u>-</u>	<u>1,543,258</u>
478,460		478,460
64,352		64,352
<u>542,812</u>	<u>-</u>	<u>542,812</u>
<u>2,086,070</u>	<u>-</u>	<u>2,086,070</u>
2,096,878	1,448,289	3,545,167
<u>6,427,458</u>	<u>7,744,702</u>	<u>14,172,160</u>
<u>\$ 8,524,336</u>	<u>\$ 9,192,991</u>	<u>\$ 17,717,327</u>

COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES FOR THE YEARS ENDED DECEMBER 31,

	2018			
	Program Services	Supporting Services		
	Grants	Management and General	Fundraising	Total Expenses
Payroll and Employee Benefits	\$ -	\$ 344,876	\$ 47,029	\$ 391,905
Payroll Taxes and Insurance		21,651	2,952	24,603
Total Payroll and Related Expenses	-	366,527	49,981	416,508
Rent and Parking		33,715	4,598	38,313
Office Expenses		56,141	7,656	63,797
Insurance		4,045	552	4,597
Consulting Fees		2,416	9,662	12,078
Professional Fees		22,584		22,584
Advertising and Promotion		4,790	19,160	23,950
Grant Expense:				
Board Designated Funds	1,586,973			1,586,973
CFTC Funds	212,697			212,697
Field of Interest Funds	44,749			44,749
Conferences and Events		21,693		21,693
Travel		3,287		3,287
Depreciation Expense		649	89	738
Dues and Subscriptions		4,631	632	5,263
Miscellaneous		16,201	2,209	18,410
Total	1,844,419	170,152	44,558	2,059,129
Total Functional Expenses	\$ 1,844,419	\$ 536,679	\$ 94,539	\$ 2,475,637

See Notes to Financial Statements.

2017			
Program Services	Supporting Services		
Grants	Management and General	Fundraising	Total Expenses
\$ -	\$ 322,656 21,847	\$ 43,999 2,979	\$ 366,655 24,826
-	344,503	46,978	391,481
	34,240	4,669	38,909
	40,892	5,576	46,468
	3,349	457	3,806
	517	2,068	2,585
	22,230		22,230
	627	2,508	3,135
1,061,169			1,061,169
420,457			420,457
61,632			61,632
	15,938		15,938
	793		793
	988	135	1,123
	4,607	628	5,235
	9,776	1,333	11,109
1,543,258	133,957	17,374	1,694,589
\$ 1,543,258	\$ 478,460	\$ 64,352	\$ 2,086,070

COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31,

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities		
(Decrease) Increase in Net Assets	\$ (670,097)	\$ 3,545,167
Reconciliation of (Decrease) Increase in Net Assets to Net Cash (Used) Provided by Operating Activities:		
Depreciation	738	1,123
Donated Stocks	(1,030,923)	(1,150,337)
Realized and Unrealized Loss (Gain) on Investments	1,325,785	(1,731,033)
(Increase) in Promises to Give	(40,246)	(66,273)
(Increase) in Cash Value of Life Insurance	(7,275)	(7,825)
Decrease (Increase) in Prepaid Expenses	351	(94)
Increase (Decrease) in Accounts Payable	1,098	(1,308)
(Decrease) Increase in Grants Payable	(12,022)	8,993
Increase in Compensated Absences	1,967	-
Increase in Agency Funds	4,977	72,768
Net Cash (Used) Provided by Operating Activities	<u>(425,647)</u>	<u>671,181</u>
Cash Flows from Investing Activities		
Purchases of Investments	(2,712,489)	(17,332,705)
Proceeds from Sale of Investments	3,330,880	17,248,663
Net Cash Provided (Used) by Investing Activities	<u>618,391</u>	<u>(84,042)</u>
Cash Flows from Financing Activities	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	192,744	587,139
Cash and Cash Equivalents at January 1,	<u>1,586,611</u>	<u>999,472</u>
Cash and Cash Equivalents at December 31,	<u><u>\$ 1,779,355</u></u>	<u><u>\$ 1,586,611</u></u>
Supplemental Information		
Donated Stocks	\$ 1,030,923	\$ 1,150,337
In-Kind Donations	29,461	4,219

See Notes to Financial Statements.

COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 and 2017

***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.

Financial Statement Presentation

The financial statements of the Foundation have been prepared on the accrual basis in conformity with U.S. generally accepted accounting principles (GAAP) and with the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, Not-for-Profit Entities.

Based on the existence or absence of donor-imposed restrictions, The Foundation classifies resources into two categories: without donor restrictions and with donor restrictions.

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 donors' 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 consolidated 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, 2018 and 2017

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

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.

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, 2018 and 2017, \$-0- and \$-0- were written off, respectively.

In-Kind Contributions

Noncash donations of goods and other services are recorded as contributions at their estimated fair value as of the date of donation. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Noncash donations meeting this criteria are listed in Note 15.

COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 and 2017

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

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

Tax Exemption

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

Concentration of Credit Risk

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

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

New Accounting Pronouncement

In August 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. ASU 2016-14 reduces the number of net assets from three to two: net assets without donor restrictions, previously reported as unrestricted net assets, and net assets with donor restrictions, previously reported as temporarily restricted net assets of \$126,100 and permanently restricted net assets of \$9,072,738 for 2017. Additionally, it increases the quantitative and qualitative disclosures regarding liquidity and availability of resources, and requires expenses to be reported by both their natural and functional classification in one location. The Foundation adopted ASU 2016-14 in for the year ended December 31, 2018, and applied the changes retrospectively.

Evaluation of Subsequent Events

The Foundation has evaluated subsequent events and transactions for potential recognition or disclosure through March 25, 2019, the date the financial statements were available to be issued.

COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 and 2017

Note 2 Unconditional Promises to Give

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

	2018	2017
Total Unconditional Promises to Give to be Collected Within One Year	<u><u>\$ 125,000</u></u>	<u><u>\$ 115,809</u></u>
Total Unconditional Promises to Give to be Collected After One Year:		
The Present Value of \$44,000, Due in 2020-2023, Discounted at 3%	41,055	-
The Present Value of \$10,000, Due in 2018	<u>-</u>	<u>10,000</u>
Total to be Collected in More Than One Year	<u><u>\$ 41,055</u></u>	<u><u>\$ 10,000</u></u>

Note 3 Investments

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

	2018		
Investments	Cost	Fair Value	Unrealized Appreciation (Depreciation)
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><u>\$ 15,506,615</u></u>	<u><u>\$ 15,340,590</u></u>	<u><u>\$ (166,025)</u></u>
	2017		
Investments	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Mutual Funds:			
Bond Funds	\$ 5,310,157	\$ 5,339,172	\$ 29,015
Equity Funds	<u>8,301,282</u>	<u>9,413,379</u>	<u>1,112,097</u>
Total Mutual Funds	13,611,439	14,752,551	1,141,112
Equities	674,940	760,151	85,211
Exchange Traded Funds	<u>735,255</u>	<u>741,141</u>	<u>5,886</u>
Total	<u><u>\$ 15,021,634</u></u>	<u><u>\$ 16,253,843</u></u>	<u><u>\$ 1,232,209</u></u>

COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 and 2017

Note 3 Investments - Continued

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

		2018	
	Shares	Cost	Fair Value
General Portfolio:			
Mutual Funds	Various	\$ 12,370,003	\$ 12,332,713
Equities		537	537
Total General Portfolio		<u>12,370,540</u>	<u>12,333,250</u>
Environmental, Social, and Governance Portfolio:			
Government Obligations		198,905	199,808
Mutual Funds	Various	1,906,793	1,793,988
Equities and REIT		1,030,377	1,013,544
Total Environmental, Social and Governance Portfolio		<u>3,136,075</u>	<u>3,007,340</u>
Total Investments		<u>15,506,615</u>	<u>15,340,590</u>
Money Market Funds - General Portfolio	N/A		
Money Market Funds - Environmental, Social and Governance Portfolio	N/A	67,481	67,481
Total Money Market Funds		<u>67,481</u>	<u>67,481</u>
Total Investment Portfolios		<u>\$ 15,574,096</u>	<u>\$ 15,408,071</u>
		2017	
	Shares	Cost	Fair Value
General Portfolio:			
Mutual Funds	Various	\$ 12,411,562	\$ 13,473,722
Equities		13,080	13,080
Total General Portfolio		<u>12,424,642</u>	<u>13,486,802</u>
Socially Responsible Portfolio:			
Mutual Funds	Various	1,199,877	1,278,829
Exchange Traded Funds	Various	735,255	741,141
Equities		661,860	747,071
Total Socially Responsible Portfolio		<u>2,596,992</u>	<u>2,767,041</u>
Total Investments		<u>15,021,634</u>	<u>16,253,843</u>
Money Market Funds - General Portfolio	N/A		
Money Market Funds - Socially Responsible	N/A	26,393	26,393
Total Money Market Funds		<u>26,393</u>	<u>26,393</u>
Total Investment Portfolios		<u>\$ 15,048,027</u>	<u>\$ 16,280,236</u>

COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 and 2017

***Note 3* Investments - Continued**

Market Risk

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

***Note 4* Fair Value Measurements**

FASB ASC 820, "Fair Value Measurements and Disclosures," establishes a framework for measuring fair value. That framework establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 Measurements) and the lowest priority to unobservable inputs (Level 3 Measurements). The three levels of the fair value hierarchy under FASB ASC 820 are as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs derived principally from or corroborated observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 and 2017

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, 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
Exchange Traded Funds				-
Government Obligations		199,808		199,808
Cash Value of Life Insurance		281,119		281,119
Total	\$ 15,208,263	\$ 480,927	\$ -	\$15,689,190

Assets at Fair Value at December 31, 2017				
	Level 1	Level 2	Level 3	Total
Cash and Money Market Funds	\$ 26,393	\$ -	\$ -	\$ 26,393
Mutual Funds	14,752,551			14,752,551
Equities	760,151			760,151
Exchange Traded Funds	741,141			741,141
Cash Value of Life Insurance		273,844		273,844
Total	\$ 16,280,236	\$ 273,844	\$ -	\$16,554,080

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 \$281,119 and \$273,844 at December 31, 2018 and 2017, 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, 2018 and 2017 was \$423,612 and \$423,332, respectively.

COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 and 2017

Note 5 Life Insurance - Continued

Contributions equal to the premiums of \$7,057 and \$7,057 were made by the donor of the policy to the Foundation during the years ended December 31, 2018 and 2017, respectively. This amount and the increase in cash value of the policy of \$7,825 and \$7,825 are included in contribution revenue net of the premium expense of \$7,057 and \$7,057 paid by the Foundation during the years ended December 31, 2018 and 2017.

Note 6 Retirement Plan

The Foundation has a simplified employee pension plan (SEP) which covers substantially all eligible employees. Annual contributions are at the discretion of the Board of Directors but may not exceed the maximum amount allowable by the Internal Revenue Service. Foundation contributions provided for calendar years 2018 and 2017 were at the rate of 3% of employee earnings, and amounted to \$9,214 and \$9,826, respectively.

Note 7 Furniture and Equipment

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

2018			
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Equipment	<u>\$ 18,258</u>	<u>\$ 16,875</u>	<u>\$ 1,383</u>
Total	<u><u>\$ 18,258</u></u>	<u><u>\$ 16,875</u></u>	<u><u>\$ 1,383</u></u>
2017			
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Equipment	<u>\$ 18,258</u>	<u>\$ 16,137</u>	<u>\$ 2,121</u>
Total	<u><u>\$ 18,258</u></u>	<u><u>\$ 16,137</u></u>	<u><u>\$ 2,121</u></u>

Depreciation expense was \$738 and \$1,123 for the years ended December 31, 2018 and 2017, respectively.

COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 and 2017

Note 8 Line of Credit

The Foundation renewed a line of credit for operations on May 24, 2018 for \$100,000 with a maturity date of May 24, 2019 and an interest rate of 4.25% secured by a Tompkins Trust Company Certificate of Deposit. There was no activity during 2018 or 2017 and no outstanding balance at December 31, 2018 or 2017.

Note 9 Net Assets

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

	2018	2017
Net Assets Without Donor Restrictions		
Undesignated Net Assets	\$ 221,889	\$ 367,389
Board Designated Net Assets		
Donor Advised Funds	6,629,273	8,067,293
Field of Interest	83,650	89,654
Total Board Designated Net Assets	6,712,923	8,156,947
Total Net Assets Without Donor Restrictions	6,934,812	8,524,336
Net Assets With Donor Restrictions		
Restricted for Time Purposes	169,000	126,100
Restricted for Endowment	9,943,418	9,066,891
Net Assets With Donor Restrictions	10,112,418	9,192,991
Total Net Assets	\$ 17,047,230	\$ 17,717,327

Note 10 Philanthropy Service Fee

During the year ended December 31, 2018, the Foundation charged philanthropy service fees totaling \$230,752. During the year ended December 31, 2017, the Foundation charged philanthropy service fees totaling \$205,340. 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, 2018 and 2017

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 2018 and \$1,909 for 2017.

Future minimum annual lease obligation under contract after December 31, 2018 is as follows:

	<u>Year</u>	<u>Amount</u>
Copier	2019	\$ 1,585
	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 \$36,276 and \$35,140 for the years ended December 31, 2018 and 2017, respectively.

Minimum future lease payments under the operating leases after December 31, 2018 are expected to be as follows:

	<u>Year</u>	<u>Amount</u>
Office Lease	2019	\$ 35,070
	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 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.

COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 and 2017

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 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.

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 (Loss) Gain	(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

COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 and 2017

Note 12 Endowment Funds - Continued

In 2017, the Foundation had the following endowment related activities:

	Endowment Funds Appreciation	Endowment Funds Principal	Total
Beginning Balance	\$ 1,596,773	\$ 7,684,602	\$ 9,281,375
Interest, Dividends, and Realized Gains	2,039,314		2,039,314
Unrealized Gain (Loss)	(607,024)		(607,024)
Investment and Administrative Fees	(140,088)		(140,088)
Total Investment Gain (Loss)	1,292,202	-	1,292,202
Contributions to Perpetual Endowment		1,382,289	1,382,289
Grants Paid	(270,887)		(270,887)
Ending Balance	<u>\$ 2,618,088</u>	<u>\$ 9,066,891</u>	<u>\$ 11,684,979</u>

The objectives of the spending policy are:

- Maintain the value of the Foundation's assets
- Steadily increase the assets to account for inflation
- Provide reliable administrative fee revenue
- Preserve resources for regular grant making in perpetuity

Spendable income is that portion of current total return, as well as portions of unspent total return of prior years, as allocated by the Board for spending in any fiscal year. The Foundation Board will approve annually a percentage to be available for grant making from endowed funds. The 2017 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 never cause spending which will erode the endowed fund balance for each fund. It is the responsibility of the Board and the Investment Advisor to oversee management of the Fund in ways commensurate with this spending policy.

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

COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 and 2017

***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 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, 2018 and 2017

***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 2017, 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, 2018 and 2017

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 2018 and 2017, 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, 2018 and 2017

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 transfers those assets, return on investment, or both, to the donor or another entity specified by the donor. FASB 958 specifically requires that if a not-for-profit 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, 2018 and 2017, the Foundation was the owner of 14 and 13 Agency Funds with a combined value of \$483,216 and \$478,239, respectively. The following table summarizes the activity in Agency Funds for the years ended December 31, 2018 and 2017:

	2018	2017
Beginning Balance	\$ 478,239	\$ 405,471
Contributions	71,007	30,451
Net Investment Income	(28,326)	61,451
Grants Paid	(29,198)	(11,959)
Investment Fees	(1,019)	(870)
Philanthropy Service\Fees	(7,347)	8
Other Income or (Expense)	(140)	(6,313)
Ending Balance	\$ 483,216	\$ 478,239

COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 and 2017

***Note 14* Liquidity**

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

Financial Assets at Year End:	
Cash and Cash Equivalents	\$ 1,779,355
Unconditional Promises to Give	166,055
Investments	15,340,590
Total Financial Assets	<u>17,286,000</u>
Less:	
Amounts Unavailable for General Expenditures Within One Year Due to:	
Restricted by Donors with Purpose Restrictions	(169,000)
Restricted by Donors in Perpetuity	<u>(9,943,418)</u>
Total Amounts Unavailable for General Expenditures Within One Year	<u>(10,112,418)</u>
Amounts Unavailable to Management Without Board's Approval:	
Board Designated:	
Donor Advised/Field of Interest	<u>(6,712,923)</u>
Total Amounts Unavailable to Management Without Board's Approval:	<u>(6,712,923)</u>
Total Financial Assets Available for General Expenditures Within One Year	<u>\$ 460,659</u>

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, 2018 and 2017

Note 15 **Donated Goods and Services**

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

	<u>2018</u>	<u>2017</u>
Rent for Special Event	-	\$ 300
Food and Catering Services	250	2,219
Accounting	1,700	1,700
Radio Advertising	21,000	-
Online Fundraising Software	5,000	-
Photography	450	-
Framing	<u>1,061</u>	<u>-</u>
Total	<u><u>\$ 29,461</u></u>	<u><u>\$ 4,219</u></u>

Note 16 **Restatement**

The Foundation's January 1, 2017 net assets have been restated to reflect the following:

Net Assets as of January 1, 2017	\$ 14,599,736
Reclassification of Agency Funds to Liabilities	(405,471)
Addition of Compensated Absences Liability	<u>(22,105)</u>
Net Assets as of January 1, 2017, as Restated	<u><u>\$ 14,172,160</u></u>

COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

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

	2018		
	Operating Fund	Restricted Funds	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents:			
Checking and Savings	\$ 134,982	\$ 1,576,892	\$ 1,711,874
Money Market Fund		67,481	67,481
Total Cash and Cash Equivalents	134,982	1,644,373	1,779,355
Unconditional Promises to Give to be Collected Within One Year	125,000		125,000
Cash Value of Life Insurance		281,119	281,119
Prepaid Expenses	2,933		2,933
Investments	252,949	15,087,641	15,340,590
Total Current Assets	515,864	17,013,133	17,528,997
Furniture and Equipment, Net	1,383		1,383
Unconditional Promises to Give to be Collected after One Year	41,055		41,055
Total Assets	\$ 558,302	\$ 17,013,133	\$ 17,571,435
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts Payable	\$ 15,783	\$ -	\$ 15,783
Grants Payable		1,134	1,134
Total Current Liabilities	15,783	1,134	16,917
Compensated Absences	24,072		24,072
Agency Funds		483,216	483,216
Total Liabilities	39,855	484,350	524,205
Net Assets			
Without Donor Restrictions	221,889	6,712,923	6,934,812
With Donor Restrictions	296,558	9,815,860	10,112,418
Total Net Assets	518,447	16,528,783	17,047,230
Total Liabilities and Net Assets	\$ 558,302	\$ 17,013,133	\$ 17,571,435

2017		
Operating Fund	Restricted Funds	Total
\$ 242,245	\$ 1,317,973	\$ 1,560,218
	26,393	26,393
242,245	1,344,366	1,586,611
114,819	990	115,809
	273,844	273,844
3,284		3,284
277,468	15,976,375	16,253,843
637,816	17,595,575	18,233,391
2,121		2,121
10,000		10,000
<u>\$ 649,937</u>	<u>\$ 17,595,575</u>	<u>\$ 18,245,512</u>
\$ 14,685	\$ -	\$ 14,685
	13,156	13,156
14,685	13,156	27,841
22,105		22,105
	478,239	478,239
36,790	491,395	528,185
367,389	8,156,947	8,524,336
245,758	8,947,233	9,192,991
613,147	17,104,180	17,717,327
<u>\$ 649,937</u>	<u>\$ 17,595,575</u>	<u>\$ 18,245,512</u>