

COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

Ithaca, New York

FINANCIAL REPORT

**For the Years Ended
December 31, 2022 and 2021**



***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

Opinion

We have audited the accompanying financial statements of the Community Foundation of Tompkins County, Inc. (the Foundation), which comprise the Statements of Financial Position as of December 31, 2022 and 2021, and the related Statements of Activities, Functional Expenses, and Cash Flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2022 and 2021, 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 (U.S. GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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) 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 GAAS. 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 "Inero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Inero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
April 7, 2023

COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION DECEMBER 31,

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and Cash Equivalents	\$ 2,442,307	\$ 3,754,641
Accounts Receivable	62,665	83,496
Unconditional Promises to Give	56,477	47,477
Cash Value of Life Insurance	277,797	278,516
Prepaid Expenses	8,288	5,849
Furniture and Equipment, Net	8,889	-
Investments	<u>20,588,254</u>	<u>23,675,575</u>
Total Assets	<u><u>\$ 23,444,677</u></u>	<u><u>\$ 27,845,554</u></u>
LIABILITIES AND NET ASSETS		
Accounts Payable	\$ 26,402	\$ 8,629
Salaries and Benefits Payable	10,587	12,063
Compensated Absences	84,577	64,359
Agency Funds	<u>1,008,092</u>	<u>1,096,053</u>
Total Liabilities	<u>1,129,658</u>	<u>1,181,104</u>
Net Assets		
Without Donor Restrictions	10,115,227	14,670,946
With Donor Restrictions	<u>12,199,792</u>	<u>11,993,504</u>
Total Net Assets	<u>22,315,019</u>	<u>26,664,450</u>
Total Liabilities and Net Assets	<u><u>\$ 23,444,677</u></u>	<u><u>\$ 27,845,554</u></u>

See Notes to Financial Statements

COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31,

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE						
Contributions						
Expendable Funds	\$ 1,693,453	\$ -	\$ 1,693,453	\$ 1,865,368	\$ -	\$ 1,865,368
Endowment Funds	-	197,288	197,288	-	731,881	731,881
Operating Fund	595,265	48,000	643,265	519,303	68,966	588,269
Pass-Through Contributions	-	-	-	95,700	-	95,700
In-Kind Contributions	-	-	-	1,500	-	1,500
Total Contributions	<u>2,288,718</u>	<u>245,288</u>	<u>2,534,006</u>	<u>2,481,871</u>	<u>800,847</u>	<u>3,282,718</u>
Investment Income						
Interest and Dividends	577,454	-	577,454	667,624	-	667,624
Investment Gain (Loss)	(4,055,914)	-	(4,055,914)	1,686,347	-	1,686,347
Total Investment Income	<u>(3,478,460)</u>	<u>-</u>	<u>(3,478,460)</u>	<u>2,353,971</u>	<u>-</u>	<u>2,353,971</u>
Non-Gift Revenue	39,781	-	39,781	74,412	-	74,412
Net Assets Released From Restrictions	39,000	(39,000)	-	31,198	(31,198)	-
Total Revenue	<u>(1,110,961)</u>	<u>206,288</u>	<u>(904,673)</u>	<u>4,941,452</u>	<u>769,649</u>	<u>5,711,101</u>
EXPENSES						
Program Expenses						
Grants and Grant Service	3,285,328	-	3,285,328	3,387,493	-	3,387,493
Philanthropic Services	39,858	-	39,858	39,471	-	39,471
Total Program Expenses	<u>3,325,186</u>	<u>-</u>	<u>3,325,186</u>	<u>3,426,964</u>	<u>-</u>	<u>3,426,964</u>
Supporting Services						
Administration	71,742	-	71,742	71,050	-	71,050
Development	47,830	-	47,830	47,368	-	47,368
Total Supporting Services	<u>119,572</u>	<u>-</u>	<u>119,572</u>	<u>118,418</u>	<u>-</u>	<u>118,418</u>
Total Program Expenses and Supporting Services	<u>3,444,758</u>	<u>-</u>	<u>3,444,758</u>	<u>3,545,382</u>	<u>-</u>	<u>3,545,382</u>
Increase (Decrease) in Net Assets	(4,555,719)	206,288	(4,349,431)	1,396,070	769,649	2,165,719
Net Assets, January 1,	14,670,946	11,993,504	26,664,450	13,274,876	11,223,855	24,498,731
Net Assets, December 31,	<u>\$ 10,115,227</u>	<u>\$ 12,199,792</u>	<u>\$ 22,315,019</u>	<u>\$ 14,670,946</u>	<u>\$ 11,993,504</u>	<u>\$ 26,664,450</u>

See Notes to Financial Statements

COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES FOR THE YEARS ENDED DECEMBER 31,

	2022					2021					
	Program Services		Supporting Services			Total	Program Services		Supporting Services		Total
	Grants and Grant Service	Philanthropic Services	Administration	Development	Expenses		Grants and Grant Service	Philanthropic Services	Administration	Development	
Payroll and Related Expenses											
Payroll and Employee Benefits	\$ 443,408	\$ 27,713	\$ 49,883	\$ 33,256	\$ 554,260	\$ 387,447	\$ 24,215	\$ 43,588	\$ 29,059	\$ 484,309	
Payroll Taxes and Insurance	30,003	1,875	3,375	2,250	37,503	25,775	1,611	2,900	1,933	32,219	
Total Payroll and Related Expenses	473,411	29,588	53,258	35,506	591,763	413,222	25,826	46,488	30,992	516,528	
Grants	2,647,608	-	-	-	2,647,608	2,755,938	-	-	-	2,755,938	
Rent and Parking	33,062	2,066	3,719	2,480	41,327	29,745	1,859	3,346	2,231	37,181	
Office Expenses	55,939	3,496	6,293	4,195	69,923	46,434	2,902	5,224	3,483	58,043	
Insurance	3,176	198	357	238	3,969	3,262	204	367	245	4,078	
Consulting Fees	16,120	1,008	1,814	1,209	20,151	42,348	2,647	4,764	3,176	52,935	
Professional Fees	21,898	1,369	2,463	1,642	27,372	20,492	1,281	2,305	1,537	25,615	
Advertising and Promotion	1,543	97	174	116	1,930	49	3	6	4	62	
Conferences and Events	16,481	1,030	1,854	1,236	20,601	3,301	206	371	248	4,126	
Travel	1,780	111	200	134	2,225	5,336	333	600	400	6,669	
Dues and Subscriptions	6,155	385	693	462	7,695	6,407	400	721	480	8,008	
Depreciation Expense	888	56	100	67	1,111	204	13	23	15	255	
Miscellaneous	7,267	454	817	545	9,083	60,755	3,797	6,835	4,557	75,944	
Total Functional Expenses	\$ 3,285,328	\$ 39,858	\$ 71,742	\$ 47,830	\$ 3,444,758	\$ 3,387,493	\$ 39,471	\$ 71,050	\$ 47,368	\$ 3,545,382	

See Notes to Financial Statements

COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31,

	2022	2021
Cash Flows From Operating Activities		
Increase (Decrease) in Net Assets	\$ (4,349,431)	\$ 2,165,719
Reconciliation of Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	1,111	255
Donated Stocks	(1,026,917)	(825,792)
Investment (Gain) Loss	4,055,914	(1,616,223)
Investment (Gain) Loss - Agency Funds	178,592	(70,124)
(Increase) Decrease in Accounts Receivable	20,831	12,504
(Increase) Decrease in Unconditional Promises to Give	(9,000)	30,198
(Increase) Decrease in Cash Value of Life Insurance	719	1,880
(Increase) Decrease in Prepaid Expenses	(2,439)	(5,849)
Increase (Decrease) in Accounts Payable	17,773	854
Increase (Decrease) in Salaries and Benefits Payable	(1,476)	3,097
Increase (Decrease) in Compensated Absences	20,218	32,725
Increase (Decrease) in Agency Funds	(87,961)	413,972
Net Cash Provided (Used) by Operating Activities	(1,182,066)	143,216
Cash Flows From Investing Activities		
Purchases of Fixed Assets	(10,000)	-
Purchases of Investments	(6,264,983)	(15,192,700)
Proceeds from Sale of Investments	6,144,715	15,563,698
Net Cash Provided (Used) by Investing Activities	(130,268)	370,998
Cash Flows From Financing Activities	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	(1,312,334)	514,214
Cash and Cash Equivalents at January 1,	3,754,641	3,240,427
Cash and Cash Equivalents at December 31,	\$ 2,442,307	\$ 3,754,641
Supplemental Information		
Donated Stocks	\$ 1,026,917	\$ 825,792
In-Kind Donations	-	1,500

See Notes to Financial Statements

COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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, 2022 AND 2021

***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.

Furniture and Equipment

The Foundation capitalizes all expenditures for furniture and equipment in excess of \$1,000 and with a useful life of greater than one year. Furniture and equipment is recorded at cost or fair market value if donated and is 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. Non-cash donations meeting this criteria are listed in Note 14.

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, 2022 AND 2021

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, 2022 and 2021, \$-0- and \$-0- were written off.

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.

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.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, "Leases" (Topic 842). ASU 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. ASU 2016-02 requires a lessee to recognize on the balance sheet a liability to make lease payments and a right of use asset representing its right to use the underlying asset for the lease term for both finance and operating leases. The guidance is effective for private companies for financial statements issued for fiscal years beginning after December 15, 2021. The Foundation has reviewed its current leasing agreements and determined those agreements to be either short-term in nature or immaterial to the financial statements. As a result, no liabilities or right of use assets have been recorded.

Evaluation of Subsequent Events

The Foundation has evaluated subsequent events and transactions for potential recognition or disclosure through April 7, 2023, the date on which these financial statements were available to be issued.

COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

Note 2 Investments

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

<u>Investments</u>	<u>2022</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Mutual Funds			
Bond Funds	\$ 7,490,508	\$ 6,557,321	\$ (933,187)
Equity Funds	9,918,947	9,943,013	24,066
Total Mutual Funds	17,409,455	16,500,334	(909,121)
Equities	3,675,250	3,332,366	(342,884)
Certificate of Deposit	603,532	603,532	-
Real Estate Investment Trust	177,466	152,022	(25,444)
Total	\$ 21,865,703	\$20,588,254	\$ (1,277,449)
<u>Investments</u>	<u>2021</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Mutual Funds			
Bond Funds	\$ 7,774,145	\$ 7,769,291	\$ (4,854)
Equity Funds	10,119,241	12,704,592	2,585,351
Total Mutual Funds	17,893,386	20,473,883	2,580,497
Equities	2,746,336	2,990,603	244,267
Certificate of Deposit	102,994	102,994	-
Real Estate Investment Trust	86,889	108,095	21,206
Total	\$ 20,829,605	\$23,675,575	\$ 2,845,970

COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

Note 2 Investments - Continued

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

	2022	
	Cost	Fair Value
General Portfolio		
Mutual Funds	\$ 5,071,741	\$ 5,327,231
Equities	523,507	523,507
Total General Portfolio	5,595,248	5,850,738
Environmental, Social, and Governance Portfolio		
Mutual Funds	12,337,714	11,173,103
Equities and REIT	3,329,209	2,960,881
Total Environmental, Social, and Governance Portfolio	15,666,923	14,133,984
Total Investments	21,262,171	19,984,722
Money Market Funds and CD (General Portfolio)		
Money Market Funds - Environmental, Social, and Governance Portfolio	361,151	361,151
Certificate of Deposit	603,532	603,532
Total Money Market Funds and CD	964,683	964,683
Total Investment Portfolios	\$ 22,226,854	\$ 20,949,405
	2021	
	Cost	Fair Value
General Portfolio		
Mutual Funds	\$ 5,456,239	\$ 7,152,869
Equities	11,308	11,308
Total General Portfolio	5,467,547	7,164,177
Environmental, Social, and Governance Portfolio		
Mutual Funds	12,437,147	13,321,014
Equities and REIT	2,821,917	3,087,390
Total Environmental, Social, and Governance Portfolio	15,259,064	16,408,404
Total Investments	20,726,611	23,572,581
Money Market Funds and CD (General Portfolio)		
Money Market Funds - Environmental, Social, and Governance Portfolio	286,889	286,889
Certificate of Deposit	102,994	102,994
Total Money Market Funds and CD	389,883	389,883
Total Investment Portfolios	\$ 21,116,494	\$ 23,962,464

COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

Note 2 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 3 Fair Value Measurements

FASB Accounting Standards Codification (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, 2022 AND 2021

Note 3 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, 2022				
	Level 1	Level 2	Level 3	Total
Cash and Money Market Funds	\$ 361,151	\$ -	\$ -	\$ 361,151
Certificate of Deposit	-	603,532	-	603,532
Mutual Funds	16,500,334	-	-	16,500,334
Equities and REIT	3,484,388	-	-	3,484,388
Cash Value of Life Insurance	-	277,797	-	277,797
Total	\$20,345,873	\$ 881,329	\$ -	\$21,227,202

Assets at Fair Value at December 31, 2021				
	Level 1	Level 2	Level 3	Total
Cash and Money Market Funds	\$ 286,889	\$ -	\$ -	\$ 286,889
Certificate of Deposit	-	102,994	-	102,994
Mutual Funds	20,473,883	-	-	20,473,883
Equities and REIT	3,098,698	-	-	3,098,698
Cash Value of Life Insurance	-	278,516	-	278,516
Total	\$23,859,470	\$ 381,510	\$ -	\$24,240,980

Note 4 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 \$277,797 and \$278,516 at December 31, 2022 and 2021, 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, 2022 and 2021 was \$394,654 and \$402,327, respectively.

For the years ended December 31, 2022 and 2021, premiums totaling \$7,057 were paid by taking a loan against the policy.

COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

Note 5 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 2022 and 2021 were at the rate of 3% of employee earnings and amounted to \$12,906 and \$12,590, respectively.

Note 6 Furniture and Equipment

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

	2022		
	Cost	Accumulated Depreciation	Net Book Value
Equipment	\$ 28,258	\$ 19,369	\$ 8,889
Total	\$ 28,258	\$ 19,369	\$ 8,889
	2021		
	Cost	Accumulated Depreciation	Net Book Value
Equipment	\$ 18,258	\$ 18,258	\$ -
Total	\$ 18,258	\$ 18,258	\$ -

Depreciation expense was \$1,111 and \$255 for the years ended December 31, 2022 and 2021, respectively.

Note 7 Line of Credit

The Foundation renewed a line of credit for operations on September 26, 2022 for \$100,000 with a maturity date of September 25, 2023 and an interest rate of 3.25% secured by a Tompkins Trust Company Certificate of Deposit. There was no activity during 2022 or 2021 and no outstanding balance at December 31, 2022 or 2021.

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

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

Note 8 Net Assets

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

	2022	2021
Net Assets Without Donor Restrictions		
Undesignated Net Assets	\$ 216,518	\$ 93,684
Board Designated Net Assets		
Donor Advised and Designated Funds	9,898,709	14,577,262
Total Board Designated Net Assets	9,898,709	14,577,262
Total Net Assets Without Donor Restrictions	10,115,227	14,670,946
Net Assets With Donor Restrictions		
Restricted for Time Purposes	56,477	47,477
Restricted for Endowment	12,143,315	11,946,027
Net Assets With Donor Restrictions	12,199,792	11,993,504
Total Net Assets	\$ 22,315,019	\$ 26,664,450

Note 9 Philanthropy Service Fee

During the year ended December 31, 2022, the Foundation charged philanthropy service fees totaling \$263,497. During the year ended December 31, 2021, the Foundation charged philanthropy service fees totaling \$285,938. 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, 2022 AND 2021

Note 10 Operating Lease Commitments

The Foundation has an operating lease commitment for copier equipment which extends through June 13, 2027. 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 \$1,591 for 2022 and \$1,611 for 2021.

Future minimum annual lease obligation under contract after December 31, 2022 is as follows:

	<u>Year</u>	<u>Amount</u>
Copier	2023	\$ 1,585
	2024	1,585
	2025	1,585
	2026	1,585
	2027	1,585

Beginning May 1, 2014, the Foundation executed a three-year lease for office space, effective until April 30, 2017. After the initial three-year term, the Foundation exercised their option to renew for an additional three year term. The agreement calls for base rent of \$2,877 increasing annually at the Consumer Price Index, Urban Wage Earning National, as published by the Bureau of Labor Statistics, United States Department of Labor. After expiration of the three year extension ending in April 2020, the Foundation elected to rent month to month.

Rental expense was \$41,327 and \$37,181 for the years ended December 31, 2022 and 2021, respectively.

Note 11 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, 2022 AND 2021

Note 11 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 (NYPMIFA) 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.

For the year ended December 31, 2022, the Foundation had the following endowment related activities:

	Endowment Funds Appreciation	Endowment Funds Principal	Total
Beginning of Year Balance	<u>\$ 5,677,156</u>	<u>\$11,946,027</u>	<u>\$ 17,623,183</u>
Interest and Dividends	375,685	-	375,685
Realized and Unrealized Gain (Loss)	(2,969,829)	-	(2,969,829)
Investment and Administrative Fees	(231,096)	-	(231,096)
Total Investment Gain (Loss)	<u>(2,825,240)</u>	-	<u>(2,825,240)</u>
Contributions to Perpetual Endowment	-	197,288	197,288
Grants Paid	(663,701)	-	(663,701)
Transfer to (from) Unrestricted Net Assets	-	-	-
Other Income (Expenses)	-	-	-
End of Year Balance	<u><u>\$ 2,188,215</u></u>	<u><u>\$12,143,315</u></u>	<u><u>\$ 14,331,530</u></u>

COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

Note 11 Endowment Funds - Continued

For the year ended December 31, 2021, the Foundation had the following endowment related activities:

	Endowment Funds Appreciation	Endowment Funds Principal	Total
Beginning of Year Balance	<u>\$ 4,703,637</u>	<u>\$11,146,180</u>	<u>\$ 15,849,817</u>
Interest and Dividends	562,859	-	562,859
Realized and Unrealized Gain (Loss)	1,212,550	-	1,212,550
Investment and Administrative Fees	(241,387)	-	(241,387)
Total Investment Gain (Loss)	<u>1,534,022</u>	<u>-</u>	<u>1,534,022</u>
Contributions to Perpetual Endowment	-	731,881	731,881
Grants Paid	(617,900)	-	(617,900)
Other Expenses	57,397	67,966	125,363
End of Year Balance	<u><u>\$ 5,677,156</u></u>	<u><u>\$11,946,027</u></u>	<u><u>\$ 17,623,183</u></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; 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 2022 and 2021 Spending Policy percentage has been set by the Board at 5%. 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 not 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.

COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

***Note 11* 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, 2022 AND 2021

Note 11 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 2022 and 2021, the Board has set the payout percentage to 5%.

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, 2022 AND 2021

Note 11 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 2022 and 2021, 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, 2022 AND 2021

Note 12 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, 2022 and 2021, the Foundation was the owner of 19 Agency Funds with a combined value of \$1,008,092 and \$1,096,053, respectively. The following table summarizes the activity in Agency Funds for the years ended December 31,:

	2022	2021
Beginning of Year Balance	\$ 1,096,053	\$ 682,081
Contributions	122,598	327,093
Net Investment Income	(155,038)	91,901
Grants Paid	(37,984)	(57,082)
Investment Fees	(3,662)	(1,982)
Philanthropy Service Fees	(13,875)	(11,399)
Other Income or (Expense)	-	65,441
	\$ 1,008,092	\$ 1,096,053
End of Year Balance	\$ 1,008,092	\$ 1,096,053

COMMUNITY FOUNDATION OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

Note 13 Liquidity

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

	2022	2021
Financial Assets at Year End		
Cash and Cash Equivalents	\$ 2,442,307	\$ 3,754,641
Accounts Receivable	62,665	83,496
Unconditional Promises to Give	56,477	47,477
Investments	20,588,254	23,675,575
Total Financial Assets	23,149,703	27,561,189
 Less Amounts Unavailable for General Expenditures		
Within One Year Due to:		
Restricted by Donors with Time Restrictions	(56,477)	(47,477)
Restricted by Donors in Perpetuity	(12,143,315)	(11,946,027)
Total Amounts Unavailable for		
General Expenditures Within One Year	(12,199,792)	(11,993,504)
 Amounts Unavailable to Management		
Without Board's Approval:		
Board Designated:		
Donor Advised and Designated Funds	(9,898,709)	(14,577,262)
Total Amounts Unavailable to		
Management Without Board's Approval	(9,898,709)	(14,577,262)
 Total Financial Assets Available for		
General Expenditures Within One Year	\$ 1,051,202	\$ 990,423

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, 2022 AND 2021**

Note 14 Donated Goods and Services

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

	<u>2022</u>	<u>2021</u>
Media Advertising	\$ -	\$ 1,500
Total	<u>\$ -</u>	<u>\$ 1,500</u>

Note 15 Subsequent Events

During the audit year ended December 31, 2022 the Foundation was made aware of a bequest that is anticipated to be received sometime in 2023. The bequest will go towards making a number of grants that will give back to the community.

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

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

	2022			2021		
	Operating Fund	Restricted Funds	Total	Operating Fund	Restricted Funds	Total
ASSETS						
Current Assets						
Cash and Cash Equivalents	\$ 14,602	\$ 2,427,705	\$ 2,442,307	\$ 118,998	\$ 3,635,643	\$ 3,754,641
Accounts Receivable	62,665	-	62,665	83,496	-	83,496
Unconditional Promises to Give	56,477	-	56,477	47,477	-	47,477
Cash Value of Life Insurance	-	277,797	277,797	-	278,516	278,516
Prepaid Expenses	8,288	-	8,288	5,849	-	5,849
Furniture and Equipment, Net	8,889	-	8,889	-	-	-
Investments	887,643	19,700,611	20,588,254	547,463	23,128,112	23,675,575
Total Assets	\$1,038,564	\$22,406,113	\$ 23,444,677	\$ 803,283	\$27,042,271	\$27,845,554
LIABILITIES AND NET ASSETS						
Accounts Payable	\$ 26,402	\$ -	\$ 26,402	\$ 8,629	\$ -	\$ 8,629
Salaries and Benefits Payable	10,587	-	10,587	12,063	-	12,063
Compensated Absences	84,577	-	84,577	64,359	-	64,359
Agency Funds	-	1,008,092	1,008,092	-	1,096,053	1,096,053
Total Liabilities	121,566	1,008,092	1,129,658	85,051	1,096,053	1,181,104
Net Assets						
Without Donor Restrictions	216,518	9,898,709	10,115,227	93,684	14,577,262	14,670,946
With Donor Restrictions	700,480	11,499,312	12,199,792	624,548	11,368,956	11,993,504
Total Net Assets	916,998	21,398,021	22,315,019	718,232	25,946,218	26,664,450
Total Liabilities and Net Assets	\$1,038,564	\$22,406,113	\$ 23,444,677	\$ 803,283	\$27,042,271	\$27,845,554