



FOR SOUTH CENTRAL NEW YORK  
FINANCIAL STATEMENTS

\* \* \*

DECEMBER 31, 2020 AND 2019

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## Independent Auditor's Report

May 12, 2021

To the Board of Directors of  
The Community Foundation for South Central New York, Inc.

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of The Community Foundation for South Central New York, Inc., which comprise the statements of financial position as of December 31, 2020 and 2019, 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.

### ***Auditor's 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 from 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Community Foundation for South Central New York, Inc. as of December 31, 2020 and 2019, 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.

*Dannible + McKee, LLP*

THE COMMUNITY FOUNDATION FOR SOUTH CENTRAL NEW YORK, INC.

STATEMENTS OF FINANCIAL POSITION

	<u>December 31,</u>	
<u>Assets</u>	<u>2020</u>	<u>2019</u>
Cash (Note 1)	\$ 1,467,249	\$ 1,106,782
Interest and dividends receivable	4,333	22,558
Prepaid and other assets	5,354	1,869
Investments (Notes 1, 2, 3 and 6)	32,660,874	29,425,311
Property and equipment, net (Notes 1 and 4)	<u>8,199</u>	<u>11,247</u>
	<u>\$ 34,146,009</u>	<u>\$ 30,567,767</u>
 <u>Liabilities and Net Assets</u> 		
Accounts payable	\$ 363	\$ 359
Accrued liabilities	16,151	11,518
Grants payable (Note 1)	956,767	1,055,748
Endowments held for other not-for-profit organizations (Note 1)	<u>37,116</u>	<u>38,947</u>
Total liabilities	1,010,397	1,106,572
Net assets (Notes 1, 5 and 6):		
Without donor restrictions	<u>33,135,612</u>	<u>29,461,195</u>
	<u>\$ 34,146,009</u>	<u>\$ 30,567,767</u>

See accompanying notes to financial statements.

THE COMMUNITY FOUNDATION FOR SOUTH CENTRAL NEW YORK, INC.

STATEMENTS OF ACTIVITIES

	Year ended December 31,	
	2020	2019
Revenue:		
Contributions (Note 1)	\$ 4,082,855	\$ 5,428,185
Interest and dividends	696,183	742,447
Net realized and unrealized gain on investments (Notes 1, 2, 3 and 6)	2,042,045	3,595,327
Paycheck Protection Program assistance (Note 1)	68,225	-
Other income	6,184	34,042
Total revenue	6,895,492	9,800,001
Expenses:		
Program services:-		
Grant making:		
Grants made (Note 1)	2,473,031	2,226,230
Grant administrative expense (Note 1)	110,682	109,320
	2,583,713	2,335,550
Managing charitable funds (Note 1)	36,709	69,533
Community education and involvement (Note 1)	82,402	89,872
Total program services	2,702,824	2,494,955
Support services:		
Finance and general administration (Note 1)	483,887	495,379
Development and donor relations (Note 1)	34,364	27,717
Total support services	518,251	523,096
Total expenses	3,221,075	3,018,051
Change in net assets	3,674,417	6,781,950
Net assets, beginning of year	29,461,195	22,679,245
Net assets, end of year	\$ 33,135,612	\$ 29,461,195

See accompanying notes to financial statements.

THE COMMUNITY FOUNDATION FOR SOUTH CENTRAL NEW YORK, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Year ended December 31, 2020

Year ended December 31, 2019

	Year ended December 31, 2020					Year ended December 31, 2019						
	Program Services		Support Services			Total	Program Services		Support Services			Total
Grant Making	Managing Charitable Funds	Community Education and Involvement	Finance and General Administration	Development and Donor Relations	Grant Making		Managing Charitable Funds	Community Education and Involvement	Finance and General Administration	Development and Donor Relations		
Expenses:												
Grants made	\$ 2,473,031	\$ -	\$ -	\$ -	\$ -	\$ 2,473,031	\$ 2,226,230	\$ -	\$ -	\$ -	\$ -	\$ 2,226,230
Salaries	68,144	15,660	36,698	178,844	16,062	315,408	64,084	11,497	28,219	180,397	14,808	299,005
Investment and custodial fees	-	-	-	166,182	-	166,182	-	-	-	168,498	-	168,498
Employee benefits and payroll taxes	15,894	3,653	8,560	41,714	3,746	73,567	14,645	2,627	6,449	41,226	3,384	68,331
Rent	11,064	2,542	5,958	29,036	2,608	51,208	10,756	1,930	4,736	30,277	2,485	50,184
Computer software	5,000	-	-	15,625	-	20,625	5,000	-	-	14,267	-	19,267
Fund direct expenses	-	7,548	-	-	-	7,548	-	50,924	-	-	-	50,924
Consultant fees	-	-	14,873	1,162	3,819	19,854	-	-	33,975	500	675	35,150
Travel and meeting expenses	107	25	268	1,172	25	1,597	1,837	123	877	5,214	159	8,210
Professional fees	1,968	5,720	-	17,435	-	25,123	2,484	455	-	14,939	810	18,688
Board functions	236	54	127	620	56	1,093	1,864	334	821	5,247	431	8,697
Foreign investment taxes	-	-	-	6,230	-	6,230	-	-	-	7,575	-	7,575
Dues and memberships	3,500	-	5,940	2,813	-	12,253	2,500	-	1,925	3,186	-	7,611
Office expense	1,398	321	753	3,668	329	6,469	1,998	358	880	5,624	462	9,322
Printing	-	-	5,046	-	3,535	8,581	-	-	7,201	-	838	8,039
Postage and mailings	958	220	614	2,515	3,792	8,099	1,014	182	2,488	2,855	2,434	8,973
Advertising	-	-	2,220	356	-	2,576	-	-	800	160	680	1,640
Insurance	303	70	163	3,765	71	4,372	575	103	253	4,545	133	5,609
Telephone	699	161	376	1,834	165	3,235	664	119	292	1,869	153	3,097
Miscellaneous	793	593	473	6,246	10	8,115	976	715	550	3,450	52	5,743
Depreciation	-	-	-	3,048	-	3,048	-	-	-	2,952	-	2,952
Repairs and maintenance	618	142	333	1,622	146	2,861	923	166	406	2,598	213	4,306
Total expenses	<u>\$ 2,583,713</u>	<u>\$ 36,709</u>	<u>\$ 82,402</u>	<u>\$ 483,887</u>	<u>\$ 34,364</u>	<u>\$ 3,221,075</u>	<u>\$ 2,335,550</u>	<u>\$ 69,533</u>	<u>\$ 89,872</u>	<u>\$ 495,379</u>	<u>\$ 27,717</u>	<u>\$ 3,018,051</u>

See accompanying notes to financial statements.

THE COMMUNITY FOUNDATION FOR SOUTH CENTRAL NEW YORK, INC.

STATEMENTS OF CASH FLOWS

	<u>Year ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
<u>Increase (decrease) in cash and cash equivalents</u>		
Cash flows from operating activities:		
Cash received from donors and other not-for-profit organizations	\$ 4,089,038	\$ 5,455,186
Cash received from Paycheck Protection Program assistance (Note 1)	68,225	-
Cash paid to suppliers and employees	(634,993)	(690,577)
Cash paid for grant making	(2,682,694)	(2,070,794)
Interest and dividends	714,408	743,117
Net cash provided by operating activities	<u>1,553,984</u>	<u>3,436,932</u>
Cash flows from investing activities:		
Purchase of property and equipment	-	(1,721)
Purchase of investments	(16,026,068)	(16,061,157)
Proceeds from sale of investments	14,904,891	12,816,979
Net cash used for investing activities	<u>(1,121,177)</u>	<u>(3,245,899)</u>
Net increase in cash and cash equivalents	432,807	191,033
Cash and cash equivalents, beginning of year (Note 1)	<u>1,969,645</u>	<u>1,778,612</u>
Cash and cash equivalents, end of year (Note 1)	<u>\$ 2,402,452</u>	<u>\$ 1,969,645</u>

See accompanying notes to financial statements.



THE COMMUNITY FOUNDATION FOR SOUTH CENTRAL NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of significant accounting policies

Nature of activities - The Community Foundation for South Central New York, Inc. (the "Community Foundation") was established in 1996 as a tax-exempt, public, charitable, community foundation benefiting residents of Broome, Chenango, Delaware, Otsego and Tioga Counties in New York State. Revenue is provided primarily from public contributions and income from investments.

Basis of accounting - The financial statements have been prepared on the accrual basis of accounting, which recognizes income when earned and expenses when incurred.

Basis of presentation - The accompanying financial statements have been prepared in accordance with the Financial Accounting Standard Board's (FASB) authoritative guidance on financial statements of not-for-profit organizations. Under this guidance, the Community Foundation is required to report information regarding its assets, liabilities, revenues and expenses according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions - Net assets without donor restrictions consist of the net assets of the Community Foundation that are without any donor-imposed stipulations. These amounts are available for the support of operations. The Community Foundation has no net assets classified as with donor restrictions.

Under New York State law and the Community Foundation's governing instruments, the Board of Directors of the Community Foundation has the power to vary the use of gifts from the original donor-prescribed purpose. Accordingly, assets held as advised by donors or for a specified purpose are segregated in net assets without donor restrictions until such time (if ever) as the Board of Directors deems it prudent and appropriate under the variance power to redirect some part of the principal or appreciation. Accordingly, the Community Foundation classifies all net assets as without donor restrictions; however, segregates the portion for which contributions are designated for special grant making purposes from the funds that are designated for general grants or administration.

Cash and cash equivalents - The Community Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The reconciliation of cash and cash equivalents as presented on the statements of cash flows at December 31, 2020 and 2019, is as follows:

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
Cash	\$ 1,467,249	\$ 1,106,782
Cash and cash equivalents in investments	<u>935,203</u>	<u>862,863</u>
Total cash and cash equivalents	<u>\$ 2,402,452</u>	<u>\$ 1,969,645</u>

Investments - Investments are reported at fair value in accordance with the FASB's authoritative guidance on accounting for certain investments held by not-for-profit organizations. The Community Foundation's investment strategy seeks to achieve a predictable, reliable and continuous source of funds to support the grants from the Community Foundation. Funds are invested in a well-diversified asset mix, which includes primarily debt and equity securities, that is intended to result in a consistent inflation protected rate of return. Purchases and sales of securities are recorded on a trade-date basis. All interest and dividend income from investments is recognized when earned.

Fair value and financial instruments - The fair value of financial instruments is based upon quoted market prices where available. If such quoted market prices are not available, fair value is based upon models that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value and may include amounts based upon unobservable parameters. Any such valuation adjustments are applied consistently over time. The FASB's authoritative guidance on fair value measurements defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles, and expands disclosures about fair value measurements (See Note 3).

Property and equipment - Property and equipment are recorded at cost or, for donated assets, at the estimated fair market value at the date of acquisition. Depreciation for financial statement purposes is computed on the straight-line method over the assets' estimated useful lives, which range from three - seven years. Maintenance and repairs are expensed as incurred; major renewals and betterments are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in change in net assets.

Contributions - Contributions received by the Community Foundation are recorded as revenue without donor restrictions and net assets without donor restrictions at their fair value in the period received. Net assets without donor restrictions are those over which the Board of Directors of the Community Foundation retains full control for use in achieving the institutional mission. Accounting standards provide that if the governing body of an organization has the ability to remove a donor restriction, the contributions should be classified as revenue without donor restrictions.

Revenue is reported as an increase in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. Expenses are reported as a decrease in net assets without donor restrictions. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by donors or by law.

Contributed securities - Contributed securities are recorded at fair value and are liquidated promptly and invested along with cash contributions in investments.

Spending policy - On September 17, 2010, the State of New York adopted the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). This legislation influences the spending policy and provides discretion to the Community Foundation with respect to the accumulation or expenditure of amounts in the endowment funds, including portions of the original dollar value of the donor's gift. NYPMIFA also requires improved documentation of investment policies, as well as investment and spending decisions.

The Community Foundation's spending policy for endowed funds in connection with grant making and fees states that annual spending, including fees, is not to exceed 5.75% of the average value of endowed investments for the past twelve quarters as of each year end. The Board of Directors used its discretionary powers during 2020 to authorize spending up to an additional 2.00% of unrestricted funds to support the needs of local non-profits due to COVID-19.

Grants payable - Grants are recorded as an expense if they are unconditional and approved for payment. The Community Foundation's Board awards grants to qualifying organizations and scholarships to qualifying individuals in Broome, Chenango, Delaware, Otsego and Tioga Counties. Grants payable in less than one year was \$528,844 and \$453,918, and from one to four years was \$427,923 and \$601,830 at December 31, 2020 and 2019, respectively. Multi-year grants should be discounted to their present value using the prime interest rate. Management has determined that the discount is not material, therefore, it has not been recorded.

Endowments held for other not-for-profit organizations - The Community Foundation accepts funds from, and holds certain assets for the benefit of other not-for-profit organizations. These funds are not considered assets of the Community Foundation and therefore are shown as endowments held for other not-for-profit organizations in the statements of financial position.

Employee benefit plan - The Community Foundation has a tax sheltered annuity retirement plan under Section 403(b) of the Internal Revenue Code covering substantially all employees. Matching contributions are made to eligible employees who have completed one year of service. The Community Foundation's contribution is 100% of the participant's elective contribution up to 10% of the participant's compensation. Employee benefit plan expense was \$29,574 and \$27,151 in 2020 and 2019, respectively.

Financial instruments, concentration and credit risks - The Community Foundation maintains cash balances at various financial institutions. Cash balances may exceed the amounts insured by the Federal Deposit Insurance Corporation (FDIC). Amounts in excess of FDIC insurance limits are subject to normal credit risk. The Community Foundation's investments are exposed to various risks, such as interest, market and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the net assets of the Community Foundation.

Income taxes - Pursuant to the FASB's guidance related to not-for-profit entities, the Community Foundation is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) and has been determined not to be a private foundation under Section 509(a) of the IRC.

The Community Foundation has reviewed its operations for uncertain tax positions and believes there are no significant exposures. The Community Foundation will include interest on income tax liabilities in interest expense and penalties in operations if such amounts arise. The Community Foundation is no longer subject to Federal or state examinations by tax authorities for the closed tax years before 2017.

Advertising expense - The Community Foundation expenses advertising costs when incurred. Advertising expenses amounted to \$2,576 and \$1,640 in 2020 and 2019, respectively.

Expense allocation - The costs of program and support services have been summarized on a functional basis in the statements of activities. The costs are functionalized on a direct basis where possible. Indirect costs are allocated based on an estimate of the time spent by the Community Foundation's management and staff in each functional area. For purposes of categorizing expenditures, the Community Foundation identifies three types of program services related to its exempt charitable purpose; grant making, managing charitable funds and community education and involvement and two activities as support services of the Community Foundation; finance and general administration and development and donor relations as described below.

Grant making - One of the Community Foundation's primary activities is grant making. This category includes all activities related to charitable grant making and the granting of scholarships, as well as ongoing review and site visits at the end of a grant.

Managing charitable funds - The Community Foundation spends time each year managing the charitable funds that it holds. This category includes donor relations with current fund holders such as answering questions about fund balances, spending policy amounts and rate of return on funds.

Community education and involvement - The Community Foundation provides community education and involvement relating to the need for charitable giving and philanthropy and the methods available to facilitate charitable participation. This category also includes convening meetings with other foundations, non-profits and governmental entities in an effort to improve our communities.

Finance and general administration - This category includes oversight, business management and general record keeping, budgeting, financing, and related administrative activities, except for the direct conduct of program services or development/fundraising activities.

Development and donor relations - The Community Foundation engages in a variety of activities designed to cultivate new donors and encourage the opening of new funds. Activities that may fall under this category include development campaigns, maintaining donor mailing lists, conducting fundraising events, meeting with donors and professional advisors, and any other soliciting donations.

Donated services - A number of volunteers have donated their time to develop the Community Foundation's programs. No amount has been recognized in the financial statements for these services since they do not meet the criteria for recognition under the FASB's authoritative guidance on accounting for contributions received and contributions made.

Risks and uncertainties - Since March of 2020, local, U.S. and world governments encouraged self-isolation to curtail the spread of the global pandemic, Coronavirus Disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them.

Paycheck Protection Program assistance - On March 27, 2020, the Coronavirus Aid, Relief, and Economic Securities Act (“CARES Act”) was enacted to provide emergency assistance for individuals, families and organizations affected by the Coronavirus pandemic. The Paycheck Protection Program (“PPP”) established by the U.S. Small Business Administration (“SBA”), created through the CARES Act, provided qualified organizations with loans to assist them with paying certain qualified expenses. Under the terms of the CARES Act and PPP, the Community Foundation could apply for and be granted forgiveness for all or a portion of the loan to the extent the proceeds are used for qualifying expenses including payment of eligible payroll costs, mortgage payments, lease payments, utility payments or interest payments on other business debts that were in place before February 15, 2020.

In April 2020, the Community Foundation was granted a PPP loan from a financial institution in the amount of \$68,225. They expended the entire loan proceeds for qualifying expenses during 2020 and have submitted their forgiveness application. The Community Foundation believes that it is more likely than not that it will meet the conditions for full forgiveness and are awaiting formal notification from the SBA. They have elected to treat these funds as a government grant. Therefore, the entire PPP loan proceeds of \$68,225 has been included in income on the statements of activities for the year ended December 31, 2020. The loan forgiveness is subject to review by the SBA for six years from the date the loan is forgiven.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent events - Management has evaluated subsequent events through May 12, 2021, the date that the financial statements were available for issue.

Note 2 - Investments

Investments are presented in the financial statements at fair value and are subject to normal market fluctuations. Investments consisted of the following:

	<u>December 31, 2020</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation</u>
Cash and cash equivalents	\$ 935,203	\$ 935,203	\$ -
Fixed income mutual funds	6,218,713	6,882,752	664,039
Equity securities	14,628,863	18,521,794	3,892,931
Real estate investment trust	328,444	339,609	11,165
Hedge funds	<u>4,929,085</u>	<u>5,981,516</u>	<u>1,052,431</u>
	<u>\$ 27,040,308</u>	<u>\$ 32,660,874</u>	<u>\$ 5,620,566</u>

December 31, 2019

	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Cash and cash equivalents	\$ 862,863	\$ 862,863	\$ -
Fixed income mutual funds	6,554,664	6,537,436	(17,228)
Equity securities	16,164,431	18,308,620	2,144,189
Real estate investment trust	328,444	369,494	41,050
Hedge funds	2,866,352	3,346,898	480,546
	<u>\$ 26,776,754</u>	<u>\$ 29,425,311</u>	<u>\$ 2,648,557</u>

Investment income is recorded gross of related transaction, custody and management fees, except those embedded in funds. The total of such separately paid fees was \$166,182 and \$168,498 for the years ended December 31, 2020 and 2019, respectively.

Note 3 - Fair value measurements

The FASB's authoritative guidance on fair value measurements provides a framework for measuring fair value under generally accepted accounting principles. The guidance applies to all financial instruments that are being measured and disclosed on a fair value basis.

As defined in the guidance, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, various assumptions are utilized, including assumptions about risk and/or the risks inherent in the inputs to the valuation techniques. These inputs can be readily observable, market corroborated, or generally unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Community Foundation is required to provide the following information according to the fair value hierarchy. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability or represent inputs used to determine the value of similar assets and liabilities. Financial assets measured at fair value on a recurring basis include investments.

Following is a description of the valuation methodologies used for investments measured at fair value. There have been no changes in the methodologies used at December 31, 2020.

- Fixed Income Mutual Funds - Fair value based on quoted market prices using net asset value.
- Equity Securities - Fair value based on quoted market prices.
- Real Estate Investment Trust - Fair value based on quoted market prices.

The fair value for assets measured on a recurring basis is as follows:

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Fixed income mutual funds	\$ 6,882,752	\$ -	\$ -	\$ 6,882,752
Equity securities	18,521,794	-	-	18,521,794
Real estate investment trust	339,609	-	-	339,609
	<u>\$ 25,744,155</u>	<u>\$ -</u>	<u>\$ -</u>	25,744,155
Cash and cash equivalents				935,203
Hedge funds measured at net asset value				<u>5,981,516</u>
Total investments				<u>\$ 32,660,874</u>

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Fixed income mutual funds	\$ 6,537,436	\$ -	\$ -	\$ 6,537,436
Equity securities	18,308,620	-	-	18,308,620
Real estate investment trust	369,494	-	-	369,494
	<u>\$ 25,215,550</u>	<u>\$ -</u>	<u>\$ -</u>	25,215,550
Cash and cash equivalents				862,863
Hedge funds measured at net asset value				<u>3,346,898</u>
Total investments				<u>\$ 29,425,311</u>

The Community Foundation invests in hedge funds that pursue multiple strategies to diversify risks and reduce volatility. The fair values of these investments have been estimated using the net asset value per share of the investment as provided by the fund manager. The funds employ an absolute return strategy with diverse, primarily short-term, investments and commodity trading strategies. Participating members are permitted to redeem their shares on the calendar quarters with notice and with certain restrictions outlined in the fund agreement. There were no unfunded commitments.

#### Note 4 - Property and equipment

Property and equipment consisted of the following:

	December 31,	
	2020	2019
Property and equipment	\$ 38,611	\$ 38,611
Less - Accumulated depreciation	<u>(30,412)</u>	<u>(27,364)</u>
	<u>\$ 8,199</u>	<u>\$ 11,247</u>

Depreciation expense was \$3,048 and \$2,952 for the years ended December 31, 2020 and 2019, respectively, and has been included in expenses in the accompanying statements of activities.

The Community Foundation leases certain office space under an agreement that expires on August 31, 2025. The monthly installments, including maintenance expenses, are \$4,438 through August 31, 2025. Rent expense for the years ended December 31, 2020 and 2019, including maintenance expenses, was \$51,208 and \$50,184, respectively.

The Community Foundation also leases office equipment under an operating lease through December 2024. Lease expense for the years ended December 31, 2020 and 2019, was approximately \$1,400.

The Community Foundation entered into a license agreement with an enterprise software vendor that is renewable each year. Subscription expense for the license agreement was \$19,095 and \$18,525 for the years ended December 31, 2020 and 2019, respectively. The Community Foundation renewed the license agreement through December 31, 2021, with a minimum subscription fee of \$19,961 for 2021.

Future minimum non-cancelable lease payments under these agreements are as follows:

2021	\$ 74,625
2022	54,663
2023	54,663
2024	54,663
2025	35,504
	<u>\$ 274,118</u>

#### Note 5 - Net assets without donor restrictions

Net assets without donor restrictions are segregated into three categories: special grant making funds, The Community Fund and other. Net assets without donor restrictions consisted of the following separately calculated groups of funds:

	December 31,	
	2020	2019
Scholarship funds	\$ 5,584,407	\$ 4,914,512
Designated funds	9,215,730	9,093,810
Donor advised funds	4,358,613	3,297,841
Pass-through funds	301,118	16,562
Field of interest funds	5,993,658	4,912,032
Total special grant making funds	25,453,526	22,234,757
The Community Fund	7,603,136	7,173,587
Other	78,950	52,851
Total net assets without donor restrictions	<u>\$ 33,135,612</u>	<u>\$ 29,461,195</u>



Special grant making fund balances represent amounts whereby the donor contributes for a specific purpose or has an advisory role in the expenditure of the contribution, or the Board of Directors has created a special purpose category for giving. However, these funds are not considered as net assets with donor restrictions because of the Community Foundation's unilateral variance power over the funds.

The Community Fund includes general grant making funds, which consist of assets that have no special designated purpose that controls which grants are considered for approval. The total of The Community Fund as of December 31, 2020 and 2019, was \$7,603,136 and \$7,173,587, respectively. The Community Fund also includes funds designated by the Board of Directors for administrative purposes in the amount of \$1,006,087 and \$1,878,468 as of December 31, 2020 and 2019, respectively. The Community Fund and special grant making funds that are endowed and have met the minimum threshold are charged an administrative fee on a quarterly basis. These fees totaled \$502,245 and \$490,110 for the years ended December 31, 2020 and 2019, respectively, and are designated by the Community Foundation's Board of Directors to be used for administrative purposes.

#### Note 6 - Endowments

New York Not-for-Profit Corporation Law includes an article known as the "Prudent Management of Institutional Funds Act." The Board of Directors and management, on the advice of legal counsel, have determined that the Community Foundation is subject to its governing documents and current accounting standards under FASB ASC 958-205, *Endowments of Not-for-profit Organizations: Net Asset Classification of Institutional Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for Endowment Funds*, regarding endowments and net asset classifications. Normally, contributions to the Community Foundation are subject to the terms of the governing documents. However, certain contributions may be received subject to other gift instruments, or that are subject to specific agreements with the Community Foundation. Under the terms of the governing documents, the Board of Directors has the ability to distribute so much of the corpus of any trust or separate gift, devise, bequest, or fund as the Board, in its sole discretion, shall determine. This discretion is considered a unilateral variance power for accounting purposes. As a result of the ability to distribute corpus, all contributions not otherwise subject to donor restrictions are classified as net assets without donor restrictions for financial statement purposes. At this time, no assets are held subject to specific donor restrictions.

The Community Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

To satisfy its long-term rate-of-return objectives, the Community Foundation's investment policy relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Community Foundation targets a diversified asset allocation to achieve its long-term return objective of 5% plus the Consumer Price Index within prudent risk parameters.

The spending policy is used to calculate the amount of money distributable annually from the Community Foundation's various endowed funds for grant making. The current spending policy is to make up to 4% of the previous twelve-quarter rolling market value average of endowed investments available for grant distributions and 1.75% for administrative contribution fees.

Composition of endowment net assets were as follows:

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
Endowment funds without donor restrictions	\$ 22,763,838	\$ 20,174,339
Board designated endowment funds	<u>7,603,136</u>	<u>7,173,587</u>
	<u>\$ 30,366,974</u>	<u>\$ 27,347,926</u>

Changes in endowment net assets were as follows:

	<u>Year ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Endowment net assets, beginning of year	\$ 27,347,926	\$ 20,531,882
Contributions	1,559,426	3,877,411
Investment income	723,168	672,645
Net realized and unrealized appreciation	1,799,524	3,238,666
Amounts appropriated for expenditures (includes grants)	<u>(1,063,070)</u>	<u>(972,678)</u>
Endowment net assets, end of year	<u>\$ 30,366,974</u>	<u>\$ 27,347,926</u>

#### Note 7 - Availability and liquidity

The following represents the Community Foundation's financial assets at December 31, 2020 and 2019:

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
Financial assets at year end:		
Cash	\$ 1,467,249	\$ 1,106,782
Cash and cash equivalents in investments	<u>935,203</u>	<u>862,863</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 2,402,452</u>	<u>\$ 1,969,645</u>

The Community Foundation believes it to be prudent to maintain liquid financial assets to meet ninety days of the normal and customary operating expenses, or approximately \$600,000. Although the Community Foundation's policies and spending methodology does not require it to spend from its liquid financial assets other than from the amounts appropriated for general expenditures as part of its annual budget approval and appropriation processes under its spending rule policy, financial sources to satisfy operational needs could be available, if necessary.