

Community Foundation of Otsego County, Inc.

**FINANCIAL STATEMENTS**

**December 31, 2021**



# Community Foundation of Otsego County, Inc.

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the  
Community Foundation of Otsego County, Inc.

### Opinion

We have audited the financial statements of Community Foundation of Otsego County, Inc., which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Community Foundation of Otsego County, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Community Foundation of Otsego County, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 accounting principles generally accepted in the United States of America, 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 Community Foundation of Otsego County, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

### Auditor's 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 auditor's 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 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 Community Foundation of Otsego County, Inc.'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 Community Foundation of Otsego County, Inc.'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.



Cwynar, Farrow, & Locke, CPAs, PLLC  
Norwich, New York  
August 19, 2022

# Community Foundation of Otsego County, Inc.

## STATEMENT OF FINANCIAL POSITION

At December 31, 2021

### ASSETS

#### CURRENT ASSETS

|                                |    |         |
|--------------------------------|----|---------|
| Cash.....                      | \$ | 255,500 |
| Cash restricted by donors..... |    | 9,139   |
| Pledged Promises to Give.....  |    | 313,430 |
| Total current assets.....      |    | 578,069 |

#### NON-CURRENT ASSETS

|                               |  |           |
|-------------------------------|--|-----------|
| Pledged Promises to Give..... |  | 575,486   |
| Investments.....              |  | 1,536,555 |
| Total Non-Current Assets..... |  | 2,112,041 |

#### FIXED ASSETS

|                                       |  |         |
|---------------------------------------|--|---------|
| Website and organizational costs..... |  | 25,117  |
| Accumulated amortization.....         |  | (4,574) |
| Total net fixed assets.....           |  | 20,543  |

Total assets..... \$ 2,710,653

### NET ASSETS

Without donor restrictions:

Undesignated..... \$ 887,371

With donor restrictions:

Donor designated..... 1,823,282

Total net assets..... 2,710,653

Total liabilities and net assets..... \$ 2,710,653

See independent accountant's audit report and accompanying notes

# Community Foundation of Otsego County, Inc.

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

| For the year ended December 31,                      | Without<br>Donor<br>Restrictions | With Donor<br>Restrictions | 2021                |
|--|----------------------------------|----------------------------|---------------------|
| <b>REVENUES, GAINS AND OTHER SUPPORT</b>             |                                  |                            |                     |
| Contributions.....                                   | \$ 114,437                       | \$ 1,485,796               | \$ 1,600,233        |
| Gain (loss) on sale of stocks.....                   | (8,020)                          | -                          | (8,020)             |
| Investment return.....                               | 1,771                            | 3,506                      | 5,277               |
| Net assets released from donor restrictions.....     | 164,780                          | (164,780)                  | -                   |
| <b>Total revenues, gains, and other support.....</b> | <b>272,968</b>                   | <b>1,324,522</b>           | <b>1,597,490</b>    |
| <b>FUNCTIONAL EXPENSES</b>                           |                                  |                            |                     |
| <b>PROGRAM SERVICES</b>                              |                                  |                            |                     |
| Community.....                                       | 134,134                          | -                          | 134,134             |
| Education.....                                       | 1,314                            | -                          | 1,314               |
| <b>Total program services.....</b>                   | <b>135,448</b>                   | <b>-</b>                   | <b>135,448</b>      |
| <b>SUPPORTING SERVICES</b>                           |                                  |                            |                     |
| Management & General.....                            | 20,878                           | -                          | 20,878              |
| Fundraising.....                                     | 10,000                           | -                          | 10,000              |
| <b>Total functional expenses.....</b>                | <b>166,326</b>                   | <b>-</b>                   | <b>166,326</b>      |
| Increase (decrease) in net assets.....               | 106,642                          | 1,324,522                  | 1,431,164           |
| Net Assets - Beginning of the year (restated).....   | 780,729                          | 498,760                    | 1,279,489           |
| <b>Net Assets - End of the year.....</b>             | <b>\$ 887,371</b>                | <b>\$ 1,823,282</b>        | <b>\$ 2,710,653</b> |

See independent accountant's audit report and accompanying notes



# Community Foundation of Otsego County, Inc.

## STATEMENT OF CASH FLOWS

| For the year ended December 31,   | 2021         |
|---|--------------|
| <b>OPERATING ACTIVITIES</b>   |              |
| Change in net assets.....   | \$ 1,431,164 |
| Adjustments to reconcile change in net assets<br>to net cash provided (used) by operating activities: |              |
| Depreciation.....   | 3,304        |
| Change in other current assets.....   | (9,139)      |
| Pledged promises to give.....   | (162,813)    |
| Cash from operating activities.....   | 1,262,516    |
| <b>INVESTING ACTIVITIES</b>   |              |
| Purchase of investments.....  | (1,546,502)  |
| Proceeds from redemption of investments.....  | 9,947        |
| Intangible asset cost.....  | (833)        |
| Cash (used for) investing activities.....   | (1,537,388)  |
| Net increase (decrease) in cash.....  | (274,872)    |
| Cash at the beginning of the year.....  | 530,372      |
| Cash at the end of the year   | \$ 255,500   |
| <b>SUPPLEMENTAL CASH FLOW DISCLOSURES</b>   |              |
| Interest paid.....  | -            |
| Income taxes paid.....  | -            |
| See independent accountant's audit report and accompanying notes                                      |              |

# Community Foundation of Otsego County, Inc.

## STATEMENT OF FUNCTIONAL EXPENSES

| For the year ended December 31,    | PROGRAM SERVICES   |                 |                   |
|------------------------------------|--------------------|-----------------|-------------------|
|                                    | Community Outreach | Education       | Total             |
| Grants to other organizations..... | \$ 111,960         | \$ -            | \$ 111,960        |
| Professional fees.....             | -                  | -               | -                 |
| Administrative fees.....           | -                  | -               | -                 |
| Advertising and promotion.....     | 22,112             | -               | 22,112            |
| Dues and subscriptions.....        | -                  | -               | -                 |
| Other operating expenses.....      | 62                 | 63              | 125               |
| Information technology.....        | -                  | 1,251           | 1,251             |
| Office expenses.....               | -                  | -               | -                 |
| Occupancy.....                     | -                  | -               | -                 |
| Insurance.....                     | -                  | -               | -                 |
| Depreciation.....                  | -                  | -               | -                 |
| <b>Total</b>                       | <b>\$ 134,134</b>  | <b>\$ 1,314</b> | <b>\$ 135,448</b> |

See independent accountant's audit report and accompanying notes

# Community Foundation of Otsego County, Inc.

## STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)

### SUPPORTING SERVICES

| For the year ended December 31,    | <b>Management<br/>&amp; General</b> |               |           | <b>Fundraising</b> | <b>Total</b> | <b>2021</b>    |
|------------------------------------|-------------------------------------|---------------|-----------|--------------------|--------------|----------------|
| Grants to other organizations..... | \$                                  | -             | \$        | -                  | \$           | 111,960        |
| Professional fees.....             |                                     | 5,008         |           | -                  | 5,008        | 5,008          |
| Administrative fees.....           |                                     | 823           |           | -                  | 823          | 823            |
| Advertising and promotion.....     |                                     | -             | 10,000    |                    | 10,000       | 32,112         |
| Dues and subscriptions.....        |                                     | 1,393         |           | -                  | 1,393        | 1,393          |
| Other operating expenses.....      |                                     | -             |           | -                  | -            | 125            |
| Information technology.....        |                                     | 1,250         |           | -                  | 1,250        | 2,501          |
| Office expenses.....               |                                     | 6,643         |           | -                  | 6,643        | 6,643          |
| Occupancy.....                     |                                     | 1,200         |           | -                  | 1,200        | 1,200          |
| Insurance.....                     |                                     | 1,257         |           | -                  | 1,257        | 1,257          |
| Depreciation.....                  |                                     | 3,304         |           | -                  | 3,304        | 3,304          |
| <b>Total</b>                       | <b>\$</b>                           | <b>20,878</b> | <b>\$</b> | <b>10,000</b>      | <b>\$</b>    | <b>30,878</b>  |
|                                    |                                     |               |           |                    | <b>\$</b>    | <b>166,326</b> |

See independent accountant's audit report and accompanying notes

# Community Foundation of Otsego County, Inc.

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 1. Nature of the Organization and Summary of Significant Accounting Policies

**Nature of Organization** - The Community Foundation of Otsego County, Inc. (the Organization) is a not-for-profit corporation whose purpose is to lead and inspire community-wide efforts that significantly improve the quality of life and the prosperity of the Otsego County, New York area. We connect people who care with causes that matter, we leverage collective knowledge, creativity and resources for a greater impact than any one individual can make alone.

#### Summary of Significant Accounting Policies

**Basis of Accounting** - The organization utilizes the accrual basis of accounting for financial reporting purposes. Under this method, revenue is recognized as earned and expenses are recorded when incurred.

**Financial Statement Presentation** - The organization is required to report information regarding its financial position and activities according to those with donor restrictions and those without. In addition, the Organization is required to present a statement of cash flows.

**Net Assets Released from Restriction** -The organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose is accomplished, restricted assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. In addition, if contributions are received in the same year when restrictions lapse, the Organization records the contributions as unrestricted.

**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 certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**Functional Expense Allocation** - Directly identifiable expenses are charged to program and supporting services. Expenses related to more than one function are charged to program and supporting services based on estimates of cost to run the program. Management and general expenses include those expenses that are not directly identifiable with any specific function but provide for the overall support and direction of the organization.

**Cash and Cash Equivalents** - The organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**Grants and Contributions** - Grant receivable, if any, represents the balance of a grant which has not yet been received. Contributions receivables represent the balance of contributions which have not been received but the organization has received notification of an unconditional promise. The organization accounts for grants and contributions receivables under the accrual method of accounting.

# Community Foundation of Otsego County, Inc.

## NOTES TO THE FINANCIAL STATEMENTS

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Grants and contributions are recognized when the donor makes a promise to give to the organization that is, in substance, unconditional. Grants and contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions or grants are recognized. All other donor-restricted contribution and grants are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions.

When the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Contributions and grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/ or nature of any donor restrictions.

The organization provides an allowance for uncollectible accounts based on management's estimates for financial statement purposes. Past due status is based on how recently payments have been received. When receivables are determined by management to be uncollectible, they are written off through the allowance account. The allowance for uncollectible accounts is based on the evaluation of outstanding receivables at the end of the year. Management has determined no allowance was necessary.

**Pledged Promises to Give** – A pledge is a promise to contribute a specified amount to the organization in installments over time. The organization accommodates the donors' desire to make a multiple year contribution. The pledge may not be obligated for spending until the funds are transferred to the organization and therefore considered a temporary restricted net asset. Contributions are released from this restriction when cash is received.

**Fixed Assets** - Purchased fixed assets are recorded at cost and donated items are recorded at fair market value. The organization capitalizes all expenditures for equipment and improvements over \$2,500. Depreciation is calculated using the straight-line method over the estimated useful lives of the property.

**Advertising** - The organization expenses advertising expenses as incurred.

**Income Taxes** - The organization is exempt from federal and state income taxes on income generated from activities related to its exempt purpose and federal unemployment insurance under Section 501(c)(3) of the Internal Revenue Code.

The organization has adopted the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) No. 740, "Income Taxes", as amended by FASB Accounting Standards Update (ASU) No. 2009-06, "Implementation Guidance on Accounting/or Uncertainty in Income Taxes and Disclosure Amendments for Nonpublic Entities." Management has determined there were no liabilities for unrecognized tax benefits as a result of the implementation of FASB ASC No. 740, as amended.

# Community Foundation of Otsego County, Inc.

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 2. Pledged Promises to Give

The organization solicits contributions from donors who may sometimes prefer to allocate the contribution over several years. The pledge is obligated for spending when the funds are transferred to the organization and the temporary restriction is released for the organization's general mission.

| At December 31,                           | 2021       |
|---|------------|
| Receivable in less than one year.....     | \$ 313,430 |
| Receivable in one to five years.....      | 676,263    |
| Receivable in more than five years.....   | -          |
| Promises to Give Non-Current.....         | 676,263    |
| Less: Discounts to Net Present Value..... | (100,777)  |
| Net Promises to Give Non-Current.....     | 575,486    |
| Total Net Promise to Give.....            | \$ 888,916 |

The discount rate of 5% is used to determine the present value of pledges to be received.

### Note 3. Liquidity and Availability of Funds

The organization manages its cash to be available as general expenditures, grants, liabilities, and other obligations come due. The amount of financial assets available for expenditures within 12 months of the statement of financial position date is as follows:

| At December 31,  | 2021         |
|--|--------------|
| Financial Assets:  |              |
| Cash.....  | \$ 255,500   |
| Cash restricted.....   | 9,139        |
| Investments.....   | 1,536,555    |
| Pledged promises to give.....                                  | 888,916      |
| Total financial assets.....                                    | 2,690,110    |
| Less amounts not available to be used within one year:         |              |
| Pledged promises to give, long-term.....                       | (575,486)    |
| Total amounts not available to be used within one year.....    | (575,486)    |
| Amount available for general expenditures within one year..... | \$ 2,114,624 |

# Community Foundation of Otsego County, Inc.

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 4. Property

A detail of the organization's property is as follows:

| Property held at December 31        | 2021             |
|-------------------------------------|------------------|
| Organizational costs.....           | \$ 11,643        |
| Website development.....            | 13,474           |
|                                     | <u>25,117</u>    |
| Less: Accumulated amortization..... | (4,574)          |
|                                     | <u>\$ 20,543</u> |

Fixed assets are recorded at cost and donated items are recorded at fair market value. The organization capitalizes all expenditures for equipment and improvements over \$2,500. Depreciation is calculated using the straight-line method over the estimated useful lives of the property. Amortization expenses of \$3,304 was recognized for 2021.

### Note 5. Net Assets with Donor Restrictions

Net assets with donor restrictions consist of net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time and donor-imposed stipulations.

| December 31,                        | 2021             |
|-------------------------------------|------------------|
| Field of interest restrictions..... | \$ 547,429       |
| Donor advised.....                  | 386,937          |
| Temporary time restrictions.....    | 888,916          |
|                                     | <u>1,823,282</u> |

**Field of Interest Funds** – Donations received impose restrictions on the general use or field of interest. The organization has established the Advocates for Springfield Fund and the Greater Otsego Library and Education Fund as Field of interest Funds. These funds were accepted with a condition that allows the board to exercise a variance power over the use of the funds. The variance power gives the board the ability to exercise its judgement when situations arise making it impossible (or nearly impossible) or illegal or contrary to the mission of the organization to carry out the restricted wishes of the donor. In those cases, the board must be guided by a goal of trying to come closest to carrying out the original intent of the donor.

**Donor Advised Funds** – Donations received require the board to be advised on the use of the funds. The organization has established the Broad Reach Philanthropies Fund, Schoharie Fund, and Levine Family Fund. The organization can decide how funds are spent; however, the donor may nominate a fund advisor who can make recommendations about spending. These recommendations will be considered by the board. The board complies with these recommendations unless the recommendation is inconsistent with the organization's mission.

# Community Foundation of Otsego County, Inc.

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 6. Description of Programs and Supporting Services

**Community Outreach** - The purpose of this program is to promote, extend, and enhance community projects in Otsego County and surrounding areas.

**Education** - The purpose is to educate and involve the public about projects that matter to their community.

**Management and General** - Includes the functions necessary to provide general oversight for the various programs and manage the financial responsibilities.

**Fundraising** - The Organization seeks additional funding for the above programs.

### Note 7. Investments

On January 24, 2020, the organization has established an agency fund agreement with The Community Foundation of Herkimer and Oneida Counties, Inc (CFHOC) to manage individual fund investments. Funds established at CFHOC are component funds of the CFHOC, a 501(c)(3) public benefit corporation (EIN 15-6016932). Legal control of the investment management and responsibility for the safeguarding of the funds rest with the CFHOC. ([www.foundationhoc.org](http://www.foundationhoc.org)). The organization allows CFHOC to commingle and co-invest assets of the fund with other assets of the investment fund. However, the organization retains the right to terminate the agency agreement. The separation agreement will be mutually agreed upon but will be no less than six months, allowing the organization to select alternate investments.

The investment funds are pools of stocks, bonds and other investments, the organization has adopted the investment strategies of these well-managed funds. Disclosures and details of these investments are readily available on the foundation website. In addition, the organization has access to CFHOC expertise through a contractual relationship whereby assistance is available in areas that are in development stages.



# Community Foundation of Otsego County, Inc.

## NOTES TO THE FINANCIAL STATEMENTS

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### Note 8. Concentration of Credit Risk

Financial instruments that potentially subject the organization to concentrations of credit risk consist primarily of cash in financial institutions. Cash balances may exceed the Federal Deposit Insurance Corporation (FDIC) coverage. Management believes that it is not exposed to any significant risk with respect to these accounts.

### Note 9. Prior Period Adjustment to Net Assets

The organization changes their method of accounting for Promises to give. In prior year financial statement, the amount was considered as deferred revenue of \$726,103. Also reclassification of a portion of those pledges to Without Donor Restrictions. The current year financial statement has been restated for this accounting change.

| For the year ended December 31,                         | Without<br>Donor<br>Restrictions | With Donor<br>Restrictions | 2020         |
|---|----------------------------------|----------------------------|--------------|
| Net Assets - Beginning of the year.....                 | \$ 528,820                       | \$ 24,566                  | \$ 553,386   |
| Prior period adjustment for change in accounting method |                                  |                            |              |
| Deferred revenues on promises to give pledges.....      | -                                | 726,103                    | 726,103      |
| Reclass to temporary restricted.....                    | 251,909                          | (251,909)                  | -            |
| Net Assets - Beginning of the year (restated).....      | \$ 780,729                       | \$ 498,760                 | \$ 1,279,489 |

### Note 10. Subsequent Events

The Organization has evaluated events and transactions that occurred between December 31, 2021 and August 19, 2022, which is the date the financial statements. These events and transactions have no significant impact on the financial statements.