

Community Foundation of Otsego County, Inc.
Financial Statements
December 31, 2022

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors
Community Foundation of Otsego County, Inc.

I have reviewed the accompanying financial statements of the Community Foundation of Otsego County, Inc., which comprise the statement of financial position as of December 31, 2022, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the combined 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 the combined financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying combined financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Johna M. Peachin, CPA

Oneonta, NY

June 22, 2023

Community Foundation of Otsego County, Inc.
Statement of Financial Position
December 31, 2022

Assets

Current Assets:

Cash	\$ 300,476
Cash restricted by donors	377,853
Pledged promises to give	<u>317,051</u>
Total current assets	995,380

Non-Current Assets:

Pledged promises to give	270,529
Investments	<u>1,594,963</u>
Total non-current assets	1,865,492

Fixed Assets:

Website and organizational costs	25,117
Accumulated amortization	<u>(8,045)</u>
Total net fixed assets	<u>17,072</u>

Total Assets	<u><u>\$ 2,877,944</u></u>
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Liabilities and Net Assets

Current Liabilities:

Accounts payable	\$ 6,385
Accrued payroll payable	3,834
Agency payable	<u>286,359</u>
Total current assets	296,578

Without Donor Restrictions:

Undesignated	698,594
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With Donor Restrictions:

Donor designated	<u>1,882,772</u>
Total net assets	<u>2,581,366</u>

Total Liabilities and Net Assets	<u><u>\$ 2,877,944</u></u>
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See the independent accountant's review report.
The accompanying notes are an integral part of these financial statements.

Community Foundation of Otsego County, Inc.
Statement of Activities and Changes in Net Assets
For the year ending December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Contributions	\$ 159,986	\$ 216,234	\$ 376,220
Interest Income	77	-	77
Gain (loss) on sale of investments, net	(57,493)	(126,758)	(184,251)
Administrative fee income	10,068	-	10,068
Net assets released from donor restrictions	-	-	-
Total revenues, gains, and other support	<u>112,638</u>	<u>89,476</u>	<u>202,114</u>
Functional Expenses			
Program Services:			
Community	157,733	16,514	174,247
Education	836	-	836
Total program services	<u>158,569</u>	<u>16,514</u>	<u>175,083</u>
Supporting Services:			
Management & General	142,846	13,472	156,318
Fundraising	-	-	-
Total supporting services	<u>142,846</u>	<u>13,472</u>	<u>156,318</u>
Total functional expenses	<u>301,415</u>	<u>29,986</u>	<u>331,401</u>
Increase (decrease) in net assets	(188,777)	59,490	(129,287)
Net Assets, beginning	<u>887,371</u>	<u>1,823,282</u>	<u>\$ 2,710,653</u>
Net Assets, ending	<u>\$ 698,594</u>	<u>\$ 1,882,772</u>	<u>\$ 2,581,366</u>

See the independent accountant's review report.
The accompanying notes are an integral part of these financial statements.

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Community Foundation of Otsego County, Inc.
Statement of Cash Flows
For the year ending December 31, 2022

Operating Activities:	
Change in net assets	\$ (129,287)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	3,471
Change in other assets	(368,714)
Pledged promises to give	301,336
Accounts payable	6,385
Agency payable	286,359
Accrued payroll payable	3,834
Net Cash Provided (Used) by Operating Activities	<u>103,384</u>
Investing Activities	
Change in investment accounts, net	<u>(58,408)</u>
Net Cash Provided (Used) in Investing Activities	<u>(58,408)</u>
Net increase (decrease) in cash	44,976
Cash as of the beginning of year	<u>255,500</u>
Cash as of the end of year	<u><u>\$ 300,476</u></u>

See independent accountant's review report.
The accompanying notes are an integral part of these financial statements.

Community Foundation of Otsego County, Inc
Statement of Functional Expenses
For the Year Ended December 31, 2022

		<u>Program Services</u>	
	<u>Community Outreach</u>	<u>Education</u>	<u>Total</u>
Grants to other organizations	\$ 153,231	\$ -	\$ 153,231
Professional fees	-	-	-
Administrative fees	-	-	-
Advertising and promotion	8,022	-	8,022
Dues and subscriptions	-	-	-
Other operating expenses	-	-	-
Other program expenses	12,994	-	12,994
Information technology	-	836	836
Investment management fee	-	-	-
Office expenses	-	-	-
Occupancy	-	-	-
Salary and wages	-	-	-
Insurance	-	-	-
Depreciation and amortization	-	-	-
Total	<u>\$ 174,247</u>	<u>\$ 836</u>	<u>\$ 175,083</u>

See independent accountant's review report.

Community Foundation of Otsego County, Inc.
Statement of Functional Expenses (Continued)
For the year ending December 31, 2022

	<u>Supporting Services</u>			
	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>	<u>2022</u>
Grants to other organizations	\$ -	\$ -	\$ -	\$ 153,231
Professional fees	5,660	-	5,660	5,660
Administrative fees	9,479	-	9,479	9,479
Advertising and promotion	-	-	-	8,022
Dues and subscriptions	1,474	-	1,474	1,474
Other operating expenses	4,814	-	4,814	4,814
Other program expenses	-	-	-	12,994
Information technology	836	-	836	1,672
Investment management fee	6,669	-	6,669	6,669
Office expenses	9,765	-	9,765	9,765
Occupancy	409	-	409	409
Salary and wages	110,792	-	110,792	110,792
Insurance	2,949	-	2,949	2,949
Depreciation and amortization	3,471	-	3,471	3,471
Total	<u>\$ 156,318</u>	<u>\$ -</u>	<u>\$ 156,318</u>	<u>\$ 331,401</u>

The accompanying notes are an integral part of these 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.

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.

Community Foundation of Otsego County, Inc
Notes to the Financial Statements
December 31, 2022

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 contributions 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.

Notes to the Financial Statements (continued)

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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,	<u>2022</u>
Receivable in less than one year	<u>\$ 317,051</u>
Receivable in one to five years	371,306
Receivables in more than five years	-
Promises to Give Non-Current	371,306
Less: Discounts to Net Present Value	<u>(100,777)</u>
Net Promises to Give Non-Current	<u>270,529</u>
Total Net Promise to Give	<u>\$ 587,580</u>

The discount rate of 14% 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,	<u>2022</u>
Financial Assets:	
Cash	\$ 300,476
Cash restricted	377,853
Investments	1,594,963
Pledged promises to give	<u>587,580</u>
Total financial assets	2,860,872
Less amounts not available to be used within one year:	
Pledged promises to give, long-term	-
Total amounts not available to be used within one year	-
Amount available for general expenditures within one year	<u>\$ 2,860,872</u>

Community Foundation of Otsego County, Inc
Notes to the Financial Statements
December 31, 2022

NOTE 4 – PROPERTY

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

Property held at December 31,	<u>2022</u>
Organizational costs	\$ 11,643
Website development	<u>13,474</u>
	25,117
Less: Accumulated amortization	<u>(8,045)</u>
	<u>\$ 17,072</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 \$3,471 was recognized for 2022.

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,	<u>2022</u>
Field of interest restrictions	\$ 335,194
Donor advised	959,998
Temporary time restrictions	<u>587,580</u>
	<u>\$1,882,772</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 Otego 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, Robert and Karen Schlather Fund, Yinkey 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.

Notes to the Financial Statements (continued)

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). The Organization allows CFHOC to commingle and coinvest 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.

NOTE 8 – CONCENTRATOIN 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 – SUBSEQUENT EVENTS

The Organization has evaluated events and transactions that occurred between December 31, 2022 and June 22, 2023, which is the date the financial statements. These events and transactions have no significant impact on the financial statements.