

COMMUNITY FOUNDATION OF
ELMIRA-CORNING AND THE
FINGER LAKES, INC.

FINANCIAL STATEMENTS

June 30, 2010

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INDEPENDENT AUDITOR'S REPORT

October 4, 2010


To the Board of Trustees of the
**Community Foundation of
Elmira-Corning and the Finger Lakes, Inc.:**

I have audited the accompanying statement of financial position of the Community Foundation of Elmira-Corning and the Finger Lakes, Inc. as of June 30, 2010, and the related statements of activities and changes in net assets and of cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. My responsibility is to express an opinion on these financial statements based on my audit. The prior year summarized comparative information has been derived from the Foundation's June 30, 2009 financial statements and, in my report dated September 23, 2009, I expressed an unqualified opinion on those financial statements.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Community Foundation of Elmira-Corning and the Finger Lakes, Inc. as of June 30, 2010, and the changes in its net assets and its cash flow for the year then ended in conformity with accounting principles generally accepted in the United States of America.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of activity of unrestricted board endowment net assets, and the budget vs. actual operating revenues and expenses are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Edward K. Hoffman, Jr.
Certified Public Accountant

EKH/sjb

COMMUNITY FOUNDATION OF ELMIRA-CORNING AND THE FINGER LAKES, INC.

Statements of Financial Position

	June 30			
<u>Assets</u>	<u>2010</u>			
			<u>2009</u>	
Current Assets:				
Cash and cash equivalents	\$	966,350	\$	580,549
Prepaid expenses		2,016		1,945
Total Current Assets		<u>968,366</u>		<u>582,494</u>
Fixed Assets:				
Office equipment		107,606		102,947
Less: accumulated depreciation		(94,946)		(87,427)
Total Fixed Assets		<u>12,660</u>		<u>15,520</u>
Invested Assets:				
Cash and cash equivalents - invested		1,871,115		1,281,488
Beneficial interest in Trusts (Note E)		13,556,585		13,036,216
Marketable securities (Note B)		15,729,860		14,163,932
CSV life insurance		17,120		0
Total Invested Assets		<u>31,174,680</u>		<u>28,481,636</u>
Total Assets	\$	<u>32,155,706</u>	\$	<u>29,079,650</u>
<u>Liabilities and Net Assets</u>				
Current Liabilities:				
Accounts payable	\$	35,992	\$	21,075
Grants/scholarships payable - current		324,159		456,460
Total Current Liabilities		<u>360,151</u>		<u>477,535</u>
Long-Term Liabilities:				
Grants/scholarships payable (Note C)		176,638		158,076
Agency Endowment Funds (Note D)		881,094		647,081
Total Long-Term Liabilities		<u>1,057,732</u>		<u>805,157</u>
Total Liabilities		<u>1,417,883</u>		<u>1,282,692</u>
Net Assets:				
Unrestricted				
Operating		194,938		237,671
Endowment		1,677,328	1,872,266	1,568,395
Temporarily Restricted		4,143,822		1,836,344
Permanently Restricted				
Donor gifts		11,165,150		11,118,332
Beneficial interest in Trusts (Note E)		13,556,585	24,721,735	13,036,216
Total Net Assets		<u>30,737,823</u>		<u>27,796,958</u>
Total Liabilities and Net Assets	\$	<u>32,155,706</u>	\$	<u>29,079,650</u>

The accompanying notes are an integral part of these financial statements.

COMMUNITY FOUNDATION OF ELMIRA-CORNING AND THE FINGER LAKES, INC.

Statements of Activities and Changes in Net Assets

	YEAR ENDED			
	Unrestricted			Total
	Office Operations	Fund Operations	Board Endowment	
Revenues				
Gifts/contributions	\$ 26,055	\$	\$ 53,969	\$ 80,024
Investment earnings - Beneficial interest in Trusts				
Investment earnings	6,092		30,003	36,095
Increase in CSV - life insurance				0
Management fee income	282,109			282,109
Interfund grants	53,516			53,516
(Decrease)/increase in value of Beneficial interest in Trusts				
Gain/(loss) on securities	32,000		86,046	118,046
Total Revenues	399,772	0	170,018	569,790
Net assets released from restrictions	(588)	1,752,521	(61,085)	1,690,848
Total Revenues and Support	399,184	1,752,521	108,933	2,260,638
Expenditures				
Grants/Scholarships		1,302,966		1,302,966
Operating Expenses:				
Community Foundation management fees		274,227		274,227
Wages, benefits and taxes	326,126			326,126
Development/marketing/other services	15,912	84,196		100,108
Legal/audit	8,960	45,813		54,773
Investment management fees	1,872	44,252		46,124
Office supplies/postage/services	29,447	525		29,972
Publications/printing	17,229			17,229
Office rent/parking	16,865			16,865
Meetings, travel and conferences	7,259	542		7,801
Depreciation	7,519			7,519
Memberships/dues	4,191			4,191
Telephone	3,665			3,665
Insurance	2,872			2,872
Total Operating Expenditures	441,917	449,555	0	891,472
Total Expenditures	441,917	1,752,521	0	2,194,438
Change in Net Assets	(42,733)	0	108,933	66,200
Net assets - beginning of year	237,671	0	1,568,395	1,806,066
Net Assets - Ending of Year	\$ 194,938	\$ 0	\$ 1,677,328	\$ 1,872,266

Year Ended
June 30,
2009

JUNE 30, 2010

Temporarily Restricted	Permanently Restricted			Interfund Eliminations	Total	Total
	Donor Gifts	Beneficial Interest in Trusts				
\$ 1,403,592	\$ 46,818	\$	\$	\$	\$ 1,530,434	\$ 837,543
671,200					671,200	671,200
300,676					336,771	629,766
17,120					17,120	
233,652				(274,227)	7,882	6,982
				(287,168)	0	0
		520,369			520,369	(4,286,544)
1,372,086					1,490,132	(4,666,329)
<u>3,998,326</u>	<u>46,818</u>	<u>520,369</u>		<u>(561,395)</u>	<u>4,573,908</u>	<u>(6,807,382)</u>
(1,690,848)	0	0		0	0	0
<u>2,307,478</u>	<u>46,818</u>	<u>520,369</u>		<u>(561,395)</u>	<u>4,573,908</u>	<u>(6,807,382)</u>
0	0	0		(287,168)	1,015,798	1,267,041
				(274,227)	0	0
					326,126	314,118
					100,108	139,976
					54,773	10,101
					46,124	39,936
					29,972	24,727
					17,229	17,647
					16,865	16,682
					7,801	10,826
					7,519	8,746
					4,191	6,427
					3,665	3,957
					2,872	2,865
<u>0</u>	<u>0</u>	<u>0</u>		<u>(274,227)</u>	<u>617,245</u>	<u>596,008</u>
<u>0</u>	<u>0</u>	<u>0</u>		<u>(561,395)</u>	<u>1,633,043</u>	<u>1,863,049</u>
2,307,478	46,818	520,369		0	2,940,865	(8,670,431)
1,836,344	11,118,332	13,036,216		0	27,796,958	36,467,389
<u>\$ 4,143,822</u>	<u>\$ 11,165,150</u>	<u>\$ 13,556,585</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 30,737,823</u>	<u>\$ 27,796,958</u>

The accompanying notes are an integral part of these financial statements.

COMMUNITY FOUNDATION OF ELMIRA-CORNING AND THE FINGER LAKES, INC.

Statements of Cash Flows

	Year Ended June 30	
	<u>2010</u>	<u>2009</u>
<u>Cash Flows from Operating Activities</u>		
Support collected	\$ 339,039	\$ 24,400
Investment Income	148,213	1,112,741
Payments for expenses	<u>(1,724,417)</u>	<u>(1,899,701)</u>
Net Cash (Used For) Operating Activities	<u>(1,237,165)</u>	<u>(762,560)</u>
<u>Cash Flows from Investing Activities</u>		
Payments for purchase of securities	(4,665,965)	(3,021,254)
(Investment)/withdrawal of cash funds (Net)	(589,627)	544,991
Proceeds from sales/redemptions of securities	5,432,807	2,762,169
Purchase of equipment	<u>(4,659)</u>	<u>(9,611)</u>
Net Cash Provided By Investing Activities	<u>172,556</u>	<u>276,295</u>
<u>Cash Flows from Financing Activities</u>		
Contributions restricted and designated for long-term purposes	<u>1,450,410</u>	<u>600,245</u>
Net Cash Provided By Financing Activities	<u>1,450,410</u>	<u>600,245</u>
Net increase in cash and cash equivalents	385,801	113,980
Cash and cash equivalents - beginning of year	580,549	466,569
Cash and Cash Equivalents - End of Year	<u>\$ 966,350</u>	<u>\$ 580,549</u>
Reconciliation of Increase in Net Assets to Net Cash Provided by Operating Assets		
Excess/(deficit) of revenues over expenditures	\$ 2,940,865	\$ (8,670,431)
Adjustments to reconcile net income to cash provided by operating activities -		
Unrealized (gain)/loss on investments	(2,349,890)	4,478,104
(Increase)/decrease in value of Beneficial Interest	(520,369)	4,286,544
Depreciation	7,519	8,746
Changes in certain assets and liabilities affecting operations -		
Prepaid expenses	(71)	(48)
Accounts payable and accrued payroll taxes	14,917	1,786
Agency endowment funds	234,013	(219,880)
Grants payable	(113,739)	(47,136)
Contributions restricted and designated for long-term purposes	<u>(1,450,410)</u>	<u>(600,245)</u>
	<u>\$ (1,237,165)</u>	<u>\$ (762,560)</u>

The accompanying notes are an integral part of these financial statements.

**COMMUNITY FOUNDATION OF ELMIRA-CORNING
AND THE FINGER LAKES, INC.**

Notes to Financial Statements

June 30, 2010

Note A - Summary of Significant Accounting Policies

Nature of Activities

The Community Foundation of Elmira-Corning and the Finger Lakes, Inc. (the "Foundation") is a non profit organization which provides a vehicle for individuals, families, and organizations to invest in the Chemung Valley and Finger Lakes Communities and its people through gifts and bequests. Gifts and investment income provide revenue for grants, scholarships, and operating expenses.

Basis of Accounting

The statements of the Foundation are presented on the accrual basis of accounting which is consistent with prior year reporting. Investment earnings are recognized as earned and operating expenses are recognized as incurred. Gifts and contributions are recognized as income when the cash is received or contribution pledged.

Financial Statement Presentation

The Foundation presents information regarding its financial position and activities according to three classes of net assets:

Unrestricted Net Assets - under the discretionary control of the Board of Trustees and include amounts designated by the Board of Trustees for specified purposes.

Temporarily Restricted Net Assets - are restricted by the donor for a specific purpose or for use in a future time period. As restrictions are met or expire, the net assets are released from restrictions and transferred to unrestricted net assets.

Permanently Restricted Net Assets – are subject to the donor's restriction that the principal remain invested in perpetuity.

Net investment income on permanently restricted net assets is classified as permanently restricted, temporarily restricted, or unrestricted, depending on the gift agreement.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

COMMUNITY FOUNDATION OF ELMIRA-CORNING
AND THE FINGER LAKES, INC.

Notes to Financial Statements

June 30, 2010

Note A - Summary of Significant Accounting Policies - Continued

Cash and Cash Equivalents

Cash and cash equivalents primarily include amounts held for grants and other disbursements and amounts received from contributions which are held pending investment. Cash and cash equivalents include cash on hand, cash in checking and money market accounts and short-term investments with an original investment term of three months or less.

Furniture and Equipment

The Foundation capitalizes all expenditures for furniture and equipment in excess of \$1,000. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method over the estimated useful lives of the assets.

Concentration of Credit Risk

Financial instruments that potentially subject the Foundation to concentration risk consist principally of cash and cash equivalents in financial institutions. At June 30, 2010 cash and cash equivalents exceeding federally insured limits amounted to \$2,110,000.

Investments

The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the consolidated statements of financial position. Realized and unrealized gains and losses are recognized as changes in net assets in the periods in which they occur and interest and dividends are recognized as revenue in the period earned. Realized gains and losses are determined on the specific identification method.

Third Party Trusts

The Foundation is the sole beneficiary of the income of two trusts held by a third party. The Foundation records this trust account at the fair value of the trust assets available for distribution to the Foundation, as the Foundation has determined that the fair value of the trust assets generally approximates the present value of expected future cash receipts. Distributions the Foundation receives from the trust are recorded as investment income in the statements of activities and changes in net assets. (Note E)

Restricted and Unrestricted Contributions

Contributions that are restricted by the donor are reported as increases in unrestricted, temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reported in the statement of activities as deductions from net assets.

COMMUNITY FOUNDATION OF ELMIRA-CORNING
AND THE FINGER LAKES, INC.

Notes to Financial Statements

June 30, 2010

Note A - Summary of Significant Accounting Policies - Continued

Grants/Scholarships

The Board of Trustees has established a spending policy based upon the quarterly market value of assets. The spending policy provides guidelines for amounts to be expended for grants and scholarships. All grants and scholarships are approved by the Board of Trustees, and are recognized when approved.

Funds Held as Agency Endowment Funds

SFAS No. 136, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*, establishes accounting and reporting standards for transactions in which a donor transfers assets to a not-for-profit organization that accepts the assets from the donor and agrees to transfer those assets, the return on investment, or both, to the donor or another entity specified by the donor. Pursuant to SFAS No. 136, certain agency endowment funds received by the Foundation are considered liabilities (Agency Endowment Funds), rather than net assets of the Foundation.

Donated Services

No amounts have been reflected in the financial statements for donated services. The Foundation generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Foundation with specific programs and with various committee assignments.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net assets class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2009, from which the summarized information was derived.

Income Taxes

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as a Foundation other than a private foundation under Section 509(a)(2).

**COMMUNITY FOUNDATION OF ELMIRA-CORNING
AND THE FINGER LAKES, INC.**

Notes to Financial Statements

June 30, 2010

Continued

Note B – Marketable Securities

The Foundation's marketable securities are carried at fair market value, and at year end were as follows:

	<u>June 30, 2010</u>		<u>June 30, 2009</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
By Investment Type:				
Bonds - corporate	\$ 2,279,960	\$ 2,332,482	\$ 1,464,123	\$ 1,367,442
Bonds - government	1,410,021	1,500,918	1,122,726	1,162,644
Common stock	2,377,976	2,223,094	2,448,973	2,029,811
Mutual funds	9,524,627	8,612,008	10,120,891	7,393,882
Fund of funds	726,896	1,028,557	2,000,002	2,180,455
	<u>16,319,480</u>	<u>15,697,059</u>	<u>17,156,715</u>	<u>14,134,234</u>
Accrued interest	32,801	32,801	29,698	29,698
	<u>\$ 16,352,281</u>	<u>\$ 15,729,860</u>	<u>\$ 17,186,413</u>	<u>\$ 14,163,932</u>

The majority of the securities are maintained in investment management accounts at Chemung Canal Trust Company (the bank).

The estimated market values of these investments, none of which are held for trading purposes, are based upon quoted market prices.

Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect the amounts reported in the consolidated statements of financial position and the consolidated statements of activities.

**COMMUNITY FOUNDATION OF ELMIRA-CORNING
AND THE FINGER LAKES, INC.**

Notes to Financial Statements
June 30, 2010

Note B – Marketable Securities – Continued

Investment Return is summarized as follows:

(Including portions allocated to Agency Endowment Funds.)

	June 30	
	2010	2009
Net investment gains/(losses) - (realized and unrealized)	\$ 1,490,132	\$ (4,666,329)
Investment gains/(losses) - Beneficial interest in Trusts	520,369	(3,615,344)
Interest and dividends	336,771	629,766
Investment management fees	(46,124)	(39,936)
	<u>\$ 2,301,148</u>	<u>\$ (7,691,843)</u>

Note C - Grants/Scholarship Payable

Grants and scholarships authorized but unpaid at year end are reported as liabilities in accordance with SFAS No 116, "Accounting for Contributions Received and Contributions Made." The following is a summary of grants and scholarships authorized and payable:

	June 30	
	2010	2009
To be paid in less than one year	\$ 324,159	\$ 456,450
To be paid in more than one year	176,638	158,076
Grants and Scholarships Authorized but Unpaid	<u>\$ 500,797</u>	<u>\$ 614,526</u>

Note D – Agency Endowment Funds

Agency Endowment Funds are funds established at the Foundation by other not-for-profit organizations which specify themselves as beneficiaries of their fund. These funds are reflected as liabilities in the Foundation's financial statements and are credited and charged with their appropriate share of earnings/additions and expenses/withdrawals, respectively.

Currently eight not-for-profit organizations have Agency Endowment Funds with the Foundation totaling \$881,094 at June 30, 2010.

COMMUNITY FOUNDATION OF ELMIRA-CORNING
AND THE FINGER LAKES, INC.

Notes to Financial Statements

June 30, 2010

Continued

Note E – Beneficial Interest in Trusts

The Community Foundation of Elmira-Corning and the Finger Lakes, Inc. has been named as the sole beneficiary of the income from two Trusts the Helen Schuyler Trust and the Alice E. Campbell Trust, both of which are maintained by Chemung Canal Trust Company.

The Beneficial interest from these Trusts is reported in the financial statements of the Foundation at fair market value and carried as permanently restricted net assets. Payments to the Foundation are shown as the Foundation's investment earnings.

The Trusts were valued as follows:

	June 30	
	<u>2010</u>	<u>2009</u>
Helen Schuyler Trust	\$ 13,157,161	\$ 12,645,471
Alice E. Campbell Trust	399,424	390,745
	<u>\$ 13,556,585</u>	<u>\$ 13,036,216</u>
Distributions made to the Foundation:		
Helen Schuyler Trust	\$ 650,000	\$ 650,000
Alice E. Campbell Trust	21,200	21,200
	<u>\$ 671,200</u>	<u>\$ 671,200</u>

Note F – Retirement Plan

The Foundation maintains a retirement program (403B) in which it contributes 10% of eligible employees' wages, and in addition allows for discretionary employee wage deferrals. The foundation retirement expense for the fiscal year 2009/2010 totaled \$23,031 and for 2008/2009 totaled \$22,360.

COMMUNITY FOUNDATION OF ELMIRA-CORNING AND THE FINGER LAKES, INC.

Unrestricted Board Endowment Net Assets
Schedule of Activity

	YEAR ENDED		
	<u>Chemung County</u>	<u>Corning</u>	<u>Administrative</u>
<u>Revenues</u>			
Gains/(losses) on securities	\$ 40,599	\$ 636	\$ (281)
Gifts/contributions	43,969		
Interest/dividends	9,106	133	11,338
Total Revenues	<u>93,674</u>	<u>769</u>	<u>11,057</u>
<u>Expenditures</u>			
Grants/scholarships	8,644		
Foundation management fees	4,604	250	7,337
Interfund grants			14,330
Investment management fees	1,264	18	389
Total Expenditures (released from board designations)	<u>14,512</u>	<u>268</u>	<u>22,056</u>
Change in Net Assets	79,162	501	(10,999)
Net assets - beginning of year	396,787	5,833	746,000
Net Assets - End of Year	<u>\$ 475,949</u>	<u>\$ 6,334</u>	<u>\$ 735,001</u>

JUNE 30, 2010		Year Ended June 30, 2009
Elmira- Corning	Total	Total
\$ 45,092	\$ 86,046	\$ (287,972)
10,000	53,969	206,799
9,426	30,003	45,375
<u>64,518</u>	<u>170,018</u>	<u>(35,798)</u>
18,327	26,971	41,655
4,628	16,819	16,070
1,294	14,330	8,650
2,965	2,965	3,229
<u>24,249</u>	<u>61,085</u>	<u>69,604</u>
40,269	108,933	(105,402)
419,775	1,568,395	1,673,797
<u>\$ 460,044</u>	<u>\$ 1,677,328</u>	<u>\$ 1,568,395</u>

The accompanying notes are an integral part of these financial statements.

COMMUNITY FOUNDATION OF ELMIRA-CORNING AND THE FINGER LAKES, INC.

Budget Vs. Actual Revenues and Operating Expenses

Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>
<u>Revenues</u>		
Management fee income	\$ 259,149	\$ 282,109
Interfund transfers/carryforward	112,272	52,928
Interest/dividends/gains	20,000	38,092
Gifts/contributions/grants	46,595	26,055
Total Revenues	<u>438,016</u>	<u>399,184</u>
<u>Operating Expenses</u>		
Payroll/taxes/benefits	314,387	326,126
Office supplies/postage/technology	19,665	28,672
Printing/publications	21,500	17,229
Office rental/parking	15,515	16,865
Development/other purchased services	15,725	15,912
Depreciation	10,000	7,519
Meetings, travel and conferences	11,950	7,259
Audit	6,300	6,300
Memberships/subscriptions	4,479	4,191
Telephone	4,020	3,665
Insurance	4,400	2,872
Legal	8,000	2,660
Investment management fees	1,300	1,872
Other - NY filing fee	775	775
Total Operating Expenses	<u>438,016</u>	<u>441,917</u>
Net increase in net assets	<u>\$ 0</u>	<u>\$ (42,733)</u>

The accompanying notes are an integral part of these financial statements.

