

COMMUNITY FOUNDATION OF  
ORANGE AND SULLIVAN  
FINANCIAL STATEMENTS FOR THE  
YEAR ENDED JUNE 30, 2015 AND 2014

COMMUNITY FOUNDATION OF ORANGE AND SULLIVAN  
MONTGOMERY, NEW YORK

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Community Foundation of Orange and Sullivan

We have audited the accompanying financial statements of the Community Foundation of Orange and Sullivan (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year 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 audit. We conducted our audit 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 of Orange and Sullivan as of June 30, 2015, 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.

## **Other Matters**

The prior year summarized comparative information has been derived from the Community Foundation of Orange and Sullivan financial statements as of June 30, 2014. The financial statements as of June 30, 2014, were audited by other auditors whose report dated October 21, 2014, expressed an unmodified opinion on those statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 16 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Nugent & Hausler, P.C.*

Montgomery, New York  
October 1, 2015

COMMUNITY FOUNDATION OF ORANGE AND SULLIVAN  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2015 AND 2014

ASSETS

	<u>2015</u>	<u>2014</u>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,045,683	\$ 1,801,777
Prepaid Expenses	2,561	1,242
Investments	<u>14,162,047</u>	<u>10,419,751</u>
<b>TOTAL CURRENT ASSETS</b>	15,210,291	12,222,770
<b>FIXED ASSETS, NET</b>	8,171	6,034
<b>INTANGIBLE ASSETS, NET</b>	335	578
<b>OTHER ASSETS</b>		
Student Loans Receivable (including Interest and Penalties), less allowances of \$60,841 and \$26,746 as of June 30, 2015 and 2014, respectively	<u>58,120</u>	<u>89,376</u>
<b>TOTAL ASSETS</b>	<u>\$ 15,276,917</u>	<u>\$ 12,318,758</u>
 <u>LIABILITIES AND NET ASSETS</u>  		
<b>CURRENT LIABILITIES</b>		
Agency Endowments	\$ 3,501,862	\$ 2,385,401
Accounts Payable and Accrued Expenses	8,597	6,012
Deferred Revenue	<u>39,375</u>	<u>40,530</u>
<b>TOTAL CURRENT LIABILITIES</b>	3,549,834	2,431,943
<b>LIABILITY UNDER SPLIT-INTEREST AGREEMENT</b>	<u>22,875</u>	<u>22,500</u>
<b>TOTAL LIABILITIES</b>	<u>3,572,709</u>	<u>2,454,443</u>
<b>NET ASSETS</b>		
Unrestricted	566,478	483,970
Temporarily Restricted	927,944	683,095
Permanently Restricted	<u>10,209,786</u>	<u>8,697,250</u>
<b>TOTAL NET ASSETS</b>	<u>11,704,208</u>	<u>9,864,315</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 15,276,917</u>	<u>\$ 12,318,758</u>

The accompanying notes are an integral part of these financial statements

COMMUNITY FOUNDATION OF ORANGE AND SULLIVAN  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015  
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2014)

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	2015 TOTAL	2014 TOTAL
REVENUES, GAINS AND OTHER SUPPORT					
Contributions	\$ 130,219	\$ 390,037	\$ 1,680,585	\$ 2,200,841	\$ 1,505,177
Pledges	82,882	-	10,000	92,882	69,240
Donor Initiated Events	-	73,350	183,822	257,172	206,644
Annual Reception	142,125	-	-	142,125	140,390
Seminar Revenue	4,220	-	-	4,220	3,420
Management Fee Income	172,292	-	-	172,292	139,578
Student Loan Interest Income	-	-	-	-	13
Investment Return	11,763	18,039	258,933	288,735	1,255,306
TOTAL REVENUES AND GAINS	543,501	481,426	2,133,340	3,158,267	3,319,768
NET ASSETS RELEASED FROM RESTRICTIONS	857,381	(236,577)	(620,804)	-	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	1,400,882	244,849	1,512,536	3,158,267	3,319,768
EXPENSES					
Program Services	989,167	-	-	989,167	859,376
Management and General	147,543	-	-	147,543	128,915
Development	102,734	-	-	102,734	74,710
Fund Raising	78,930	-	-	78,930	71,654
TOTAL EXPENSES	1,318,374	-	-	1,318,374	1,134,655
CHANGE IN NET ASSETS	82,508	244,849	1,512,536	1,839,893	2,185,113
NET ASSETS, BEGINNING OF YEAR	483,970	683,095	8,697,250	9,864,315	7,679,202
NET ASSETS, END OF YEAR	\$ 566,478	\$ 927,944	\$ 10,209,786	\$ 11,704,208	\$ 9,864,315

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

COMMUNITY FOUNDATION OF ORANGE AND SULLIVAN  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,839,893	\$ 2,185,113
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities		
Depreciation	2,007	1,386
Amortization	243	243
Bad Debt Expense	34,095	-
Non-Cash Contributions	(4,882)	(1,140)
Non-Cash Expenses	4,882	-
Realized (Gains)/Losses on Sale of Investments	(145,126)	(45,974)
Unrealized (Gains)/Losses on Investments	168,515	(957,183)
(Increase) Decrease in Operating Asset:		
Student Loans Receivable	(2,839)	4,888
Prepaid Expenses	(1,319)	946
Increase (Decrease) in Operating Liability:		
Agency Endowments	1,116,461	649,003
Accounts Payable and Accrued Expenses	2,585	(113)
Deferred Revenue	(1,155)	29,370
Liability under Split-Interest Agreement	<u>375</u>	<u>5,150</u>
NET CASH PROVIDED (USED) FROM OPERATING ACTIVITIES	<u>3,013,735</u>	<u>1,871,689</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(5,950,702)	(2,239,716)
Sale of Investments	2,185,017	851,064
Purchase of Fixed Assets	<u>(4,144)</u>	<u>(1,647)</u>
NET CASH PROVIDED (USED) FROM INVESTING ACTIVITIES	<u>(3,769,829)</u>	<u>(1,390,299)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(756,094)	481,390
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,801,777</u>	<u>1,320,387</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,045,683</u>	<u>\$ 1,801,777</u>
Supplemental Information:		
Taxes Paid	\$ 275	\$ 275

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

COMMUNITY FOUNDATION OF ORANGE AND SULLIVAN  
NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES

The Community Foundation of Orange County, Inc. (Foundation) was established in 1999 as a community foundation in Orange County, New York, to administer and invest charitable funds and to assist in matching community resources with community needs. The Foundation's mission is to enable charitable individuals and organizations to become meaningful donors by providing trusted support and expertise for their contributions to make a difference in our community, now and forever. The Foundation operates under the "d/b/a" Community Foundation of Orange and Sullivan.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America as applicable to not-for-profit entities.

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash and cash equivalents consist of monies in the checking, savings and money market accounts.

Investments

Effective July 1, 2008, the Foundation adopted FAS 157 and FSP FAS 157-3, codified in the *Fair Value Measurements and Disclosures Topic of FASB ASC* (ASC Section 820), which defines fair value, establishes a framework for measuring fair value, and requires enhanced disclosures about fair value measurements. Fair value is the amount 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.

Investments are reflected on the statements of financial position at fair value with changes in unrealized gains and losses resulting from changes in fair value reflected in the statement of activities.

The Foundation only invests in publicly traded investments in active markets which are reported at fair market value based on current quoted market prices.

See Note 6, Investments, for further discussion relating to *Fair Value Measurements and Disclosures* and the Foundation's investments.



COMMUNITY FOUNDATION OF ORANGE AND SULLIVAN  
NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fixed Assets

Fixed assets are stated at cost when purchased and at fair market value when donated. Major additions and improvements will be capitalized, while replacements, maintenance, and repairs, which do not improve or extend the life of the respective asset, will be expensed. When fixed assets are retired, the cost and accumulated depreciation will be eliminated from the accounts with any resulting gain or loss included in income for the period.

Depreciation

Depreciation for financial reporting purposes is provided for on the straight-line method over the estimated useful lives of the related assets.

Classification of Contributions and Net Assets

The accompanying financial statements have been prepared in accordance with the *Not-for-Profit Entities Topic of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) (ASC Section 958)*. The *Balance Sheet and Income Statement Subtopics* of ASC Section 958 require the Foundation to present its net assets and its revenue and gains based upon the existence or absence of donor-imposed restrictions into these classes: unrestricted, temporarily restricted, and permanently restricted. Effective July 1, 2008, the Foundation adopted FSP117-1, codified as the *Classification of Donor Restricted Endowment Funds Subject to UPMIFA Subtopic of FASB ASC (ASC 958-205-45-28)*, which was issued by the FASB in August 2008 and provides guidance for the classification of donor-restricted endowment funds that are subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). FSP 117-1 also provides for enhanced disclosures about endowment funds. The State of New York adopted its version of UPMIFA, the New York Prudent Management of Institutional Funds Act (NYPMIFA), on September 17, 2010. The Foundation has determined its net assets do not meet the definition of endowment under NYPMIFA.

The bylaws of the Foundation include a variance provision giving the Board of Directors the power, whenever any restriction or condition on the distribution of funds becomes, in effect, unnecessary or incapable of fulfillment, to modify any restriction or condition placed on the distribution of funds and to apply the whole or any part of the principal or income of funds as in its judgment is necessary to serve more effectively the charitable and educational purposes of the Foundation. While the Foundation has the ability to exercise this variance power, it only intends to do so in extreme circumstances and accordingly classifies its net assets based on the following criteria:

COMMUNITY FOUNDATION OF ORANGE AND SULLIVAN  
NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification of Contributions and Net Assets

**Unrestricted** - Unrestricted net assets are those resources that are not subject to donor-restrictions.

**Temporarily Restricted** - Temporarily restricted net assets are those resources that are subject to donor-imposed restrictions that will be met either by actions of the Foundation and/or the passage of time.

**Permanently Restricted** - Permanently restricted net assets are those resources that are subject to donor-imposed restrictions that will be honored permanently by the Foundation. Generally, the donors of these assets specify the use of the income earned on related investments, and the net capital appreciation thereon, for specific purposes.

Deferred Revenue

Revenues received for specific activities, programs or events that have not yet occurred or for expenses which have not yet been incurred are reported as deferred revenue.

Income Taxes

The Foundation is a not-for-profit corporation that is exempt from income tax under section 501(c)(3) of the Internal Revenue Code of 1986, as amended (Code). In addition, the Foundation has been determined by the Internal Revenue Service not to be a private foundation within the meaning of section 509(a) of the Code.

Uncertain Tax Positions

The Foundation adopted the provisions of FASB ASC 740-10. This standard requires all taxpayers to analyze all material positions they have taken or plan to take in all tax returns that have been filed or should have been filed with all taxing authorities for all years still subject to challenge by those taxing authorities. If the position taken is "more-likely-than-not" to be sustained by the taxing authority on its technical merits and if there is more than a 50% likelihood that the position would be sustained if challenged and considered by the highest court in the relevant jurisdiction, the tax consequences of that position should be reflected in the taxpayer's GAAP financial statements. Using that guidance, the Foundation has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements as of June 30, 2015.

COMMUNITY FOUNDATION OF ORANGE AND SULLIVAN  
NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Uncertain Tax Positions (Continued)

The Foundation's federal tax returns for the years ended June 30, 2012 through June 30, 2014 are subject to examination by applicable taxing and regulating authorities. The Foundation has evaluated its tax positions for all open tax years, and believes all tax positions taken would be upheld under an examination.

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expense during the reporting period. Actual results could differ from those estimates.

Advertising

The Foundation expenses advertising as incurred. The total cost of advertising expense for the years ended June 30, 2015 and 2014, was \$13,710 and \$9,614 respectively.

Agency Endowments

Accounting for receipts in which the donor specifies itself or an affiliate as a beneficiary conforms to the *Transfers of Assets to a Not-for-Profit Entity or Charitable Trust that Raises or Holds Contributions for Others Subtopic of FASB ASC* (ASC 958-605-25-21). The net assets of the funds created with such receipts are recognized as a liability (Agency Endowments) to the donor.

The additions, expenses, gains, and losses are not reported as separate transactions in the Statement of Activities, but are netted and the net (\$1,116,461 for 2015 and \$649,003 for 2014) are reported through the change in the liability account. The resulting ending balances of \$3,501,862 in 2015 and \$2,385,401 in 2014 represent the fair market value of the Agency Endowments.

Split-Interest Agreements

The Foundation serves as trustee for a charitable lead annuity trust. Assets held under this agreement are included in investments. The present value of the remainder interest of this trust is included in liabilities. The liabilities are adjusted during the term of the split-interest agreement for changes in fair value of the assets, accretion of the discount, and other changes in the estimates of future benefits.

Reclassifications

Certain amounts reported in 2014 have been reclassified to conform to the 2015 presentation.

COMMUNITY FOUNDATION OF ORANGE AND SULLIVAN  
NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allocation of Expenses

Costs have been summarized by management on a functional basis in the Statement of Functional Expenses and accordingly, have been allocated among the following categories:

**Program Services** – Expenses directly connected with fulfilling the Foundation’s mission and servicing the endowments.

**Management and General** – Expenses relating to the general operations of the Foundation.

**Development Expenses** – By its very nature, a community foundation’s mission is to educate the public about philanthropy, methods of charitable giving and the benefits of establishing endowments. As such, the Foundation conducts various promotional and educational activities, the costs of which have been classified as development expenses.

**Fund Raising** – This category includes fund raising costs incurred by the Foundation to support its general operations. It also includes indirect costs related to the donor initiated events sponsored by the donors.

NOTE 3. ENDOWMENT INVESTMENT AND SPENDING POLICIES

The Foundation’s Board of Directors is entrusted with the investment and management of its charitable funds and with carrying out the wishes of its donors in the best interest of the community. The Board views the assets held by the Foundation as Endowment Funds designed for long-term development purposes. However, the Board is also cognizant of the Foundation’s central philanthropic purpose, which is to be consistently responsive to the current and changing charitable needs of the community. This purpose dictates the need for an annual return on the Foundation’s assets to meet these needs and allow for a growth in capital to at least equal inflation.

In order to balance the current charitable needs of the community with growth for the future, the Foundation annually sets a disbursement level based on a recommendation of the Finance & Investment Committee. To allow for a more stable and predictable flow of funds available for distribution, the spending rate is set based upon the average of the market value of the Foundation’s total earnings assets over the preceding 20-quarter period. The recommended current disbursement level is set at 4% to support the Foundation’s grant program.

COMMUNITY FOUNDATION OF ORANGE AND SULLIVAN  
NOTES TO FINANCIAL STATEMENTS

NOTE 4. PRIOR-YEAR INFORMATION

The Statements of Activities and Functional Expenses include certain prior year summarized comparative information in total but not by net asset/program. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the financial statements for the year ended June 30, 2014, from which the summarized information was derived.

NOTE 5. INVESTMENTS

Fair Value Measurements and Disclosures Topic (FASB ASC Section 820) establishes a three-level hierarchy for disclosure of assets and liabilities recorded at fair value. The classification of assets and liabilities within the hierarchy is based on whether the inputs to the valuation methodology used for measurement are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent sources while unobservable inputs reflect estimates about market data.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

*Level I* – Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments which would generally be included in Level I include listed equities, listed derivatives, and most U.S. government securities.

*Level II* – Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in *Level I*. Fair value is determined through the use of the market approach. Investments which are generally included in this category include corporate and municipal bonds, and restricted stock.

*Level III* – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The Foundation has no investments where *Level III* inputs must be used.

The fair value of each financial instrument in the table below was measured using FASB ASC 820 input guidance and valuations techniques. The following tables set forth estimated fair values for financial instruments as of June 30, 2015 and June 30, 2014:

COMMUNITY FOUNDATION OF ORANGE AND SULLIVAN  
NOTES TO FINANCIAL STATEMENTS

NOTE 5. INVESTMENTS (Continued)

<u>2015</u>	<u>LEVEL I</u>	<u>LEVEL II</u>	<u>LEVEL III</u>	<u>2015 TOTAL</u>
Publicly Traded Equities	\$ 7,551,128	\$ -	\$ -	\$ 7,551,128
Mutual Funds	1,309,022	-	-	1,309,022
Fixed Income	-	5,165,408	-	5,165,408
Exchange - Traded Products	<u>136,489</u>	<u>-</u>	<u>-</u>	<u>136,489</u>
Total	<u>\$ 8,996,639</u>	<u>\$ 5,165,408</u>	<u>\$ -</u>	<u>\$ 14,162,047</u>

<u>2014</u>	<u>LEVEL I</u>	<u>LEVEL II</u>	<u>LEVEL III</u>	<u>2014 TOTAL</u>
Publicly Traded Equities	\$ 5,429,763	\$ -	\$ -	\$ 5,429,763
Mutual Funds	1,035,551	-	-	1,035,551
U.S. Government Securities	703,679	-	-	703,679
Fixed Income	<u>109,364</u>	<u>3,141,394</u>	<u>-</u>	<u>3,250,758</u>
Total	<u>\$ 7,278,357</u>	<u>\$ 3,141,394</u>	<u>\$ -</u>	<u>\$ 10,419,751</u>

The investment return consists of the following:

<u>2015</u>	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>2015 TOTAL</u>
Realized Gains/(Losses)	\$ 4,462	\$ 7,636	\$ 103,150	\$ 115,248
Unrealized Gains/(Losses)	(4,633)	(8,857)	(114,539)	(128,029)
Interest and Dividend Income	<u>11,934</u>	<u>19,260</u>	<u>270,322</u>	<u>301,516</u>
Net Investment Return	<u>\$ 11,763</u>	<u>\$ 18,039</u>	<u>\$ 258,933</u>	<u>\$ 288,735</u>

COMMUNITY FOUNDATION OF ORANGE AND SULLIVAN  
NOTES TO FINANCIAL STATEMENTS

NOTE 5. INVESTMENTS (Continued)

<u>2014</u>	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>2014 TOTAL</u>
Realized Gains/(Losses)	\$ 1,719	\$ 2,141	\$ 42,114	\$ 45,974
Unrealized Gains/(Losses)	36,982	45,144	875,057	957,183
Interest and Dividend Income	<u>9,922</u>	<u>12,225</u>	<u>230,002</u>	<u>252,149</u>
Net Investment Return	<u>\$ 48,623</u>	<u>\$ 59,510</u>	<u>\$ 1,147,173</u>	<u>\$1,255,306</u>

NOTE 6. FIXED ASSETS

Fixed assets are summarized as follows:

	<u>2015</u>	<u>2014</u>
Office Equipment	\$ 10,037	\$ 8,998
Office Furniture	<u>7,292</u>	<u>4,187</u>
	17,329	13,185
Less: Accumulated Depreciation	<u>(9,158)</u>	<u>(7,151)</u>
Fixed Assets, net	<u>\$ 8,171</u>	<u>\$ 6,034</u>

NOTE 7. INTANGIBLE ASSETS

Intangible assets are summarized as follows:

	<u>2015</u>	<u>2014</u>
Logo	\$ 2,000	\$ 2,000
Website	<u>1,643</u>	<u>1,643</u>
	3,643	3,643
Less: Accumulated Amortization	<u>(3,308)</u>	<u>(3,065)</u>
Intangible Assets, net	<u>\$ 335</u>	<u>\$ 578</u>

NOTE 8. STUDENT LOANS RECEIVABLE

Under the terms of The Roy D. Parker Education Fund, the Foundation administers loans to eligible students in Orange County. Student loans receivable are reported net of any anticipated losses due to uncollectible loans. The balance of such loans at June 30, 2015 and 2014 are summarized as follows:

	<u>2015</u>	<u>2014</u>
Student Loans Receivable	\$ 118,961	\$ 116,122
Less: Allowance for Uncollectible Loan:	<u>(60,841)</u>	<u>(26,746)</u>
	<u>\$ 58,120</u>	<u>\$ 89,376</u>

COMMUNITY FOUNDATION OF ORANGE AND SULLIVAN  
NOTES TO FINANCIAL STATEMENTS

NOTE 9. ADDITIONS TO ENDOWMENTS

Various gifts, legacies and bequests constitute additions to the endowments. At times a single source is responsible for a significant portion of additions during a particular year; however, the Foundation does not use, and is not dependent on, such additions to fund current operations.

NOTE 10. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions either by incurring expenses satisfying the restricted purpose or by the occurrence of events specified by donors.

	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	2015 TOTAL	2014 TOTAL
Grants	\$ 78,734	\$ 273,560	\$ 352,294	\$ 261,720
Satisfaction of Restrictions	135,597	92,304	227,901	268,712
Reclassifications	-	50,397	50,397	-
Bad Debt Expense	-	34,095	34,095	-
Administrative & Investment Management Fees	<u>22,246</u>	<u>170,448</u>	<u>192,694</u>	<u>162,732</u>
Net Assets Released from Restrictions	<u>\$ 236,577</u>	<u>\$ 620,804</u>	<u>\$ 857,381</u>	<u>\$ 693,164</u>

NOTE 11. DONATED SERVICES

It is policy of the Foundation to record a value for contributed services when such services require a special skill or enhance a non-financial asset. No amounts have been reflected in the financial statements for donated volunteer time, since no objective basis is available to measure the value of such services; however, volunteers and Board members have donated time in the accomplishment of program objectives.

NOTE 12. DONATED ASSETS

Donated securities and other non-cash donations are recorded as contributions at fair market value on the date of donation.



COMMUNITY FOUNDATION OF ORANGE AND SULLIVAN  
NOTES TO FINANCIAL STATEMENTS

NOTE 13. LEASE OBLIGATIONS

The Foundation rented its office space under the terms of a lease agreement effective May 1, 2008 through April 30, 2014, which specified annual rents of \$17,106 through April 2014. On June 25, 2014, the Foundation signed a lease for a new office space. The new lease agreement is effective August 1, 2014 through July 31, 2019, and specifies annual rents of \$24,390. Rent expense for the years ended June 30, 2015 and 2014 amounted to \$24,390 and \$17,106, respectively.

The Foundation leases a copier for its operations. The lease agreement calls for the Foundation to pay \$379.00 per month for 60 months.

Future minimum annual lease payments at June 30, 2015 are as follows:

Year Ending June 30,	
2016	\$ 28,938
2017	28,938
2018	28,938
2019	28,938
2020	<u>1,137</u>
	<u>\$ 116,889</u>

NOTE 14. RETIREMENT PLAN

The Foundation has a 403(b) Plan which covers substantially all eligible full time employees. The Foundation contributes 4% of a participating employees' compensation. Employer contributions for the years ended June 30, 2015 and 2014 amounted to \$9,539 and \$8,615, respectively.

NOTE 15. SUBSEQUENT EVENTS.

Management has evaluated subsequent events through October 1, 2015, the date that the financial statements were available to be issued. No significant subsequent events have been identified that would require adjustment of or disclosure in the accompanying consolidated financial statements.

COMMUNITY FOUNDATION OF ORANGE AND SULLIVAN  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2015  
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2014)

	PROGRAM SERVICES	MANAGEMENT & GENERAL	DEVELOPMENT	FUND RAISING		2015 TOTAL	2014 TOTAL
				RAISING	TOTAL		
Grants	\$ 433,636	\$ -	\$ -	\$ -	\$ -	\$ 433,636	\$ 437,324
Salaries	103,208	73,457	63,089	31,299		271,053	232,986
Payroll Taxes	8,699	6,192	5,318	2,638		22,847	18,782
Direct Benefits to Donors	152,257	-	-	40,079		192,336	142,405
Administrative Fees	140,009	-	-	-		140,009	116,202
Investment Management Fees	55,807	-	-	-		55,807	47,300
Office Rent and Taxes	12,133	9,099	9,099	-		30,331	21,221
Professional Fees	-	16,466	-	-		16,466	15,892
Office Expenses & Supplies	9,475	7,580	1,895	-		18,950	16,470
Strategic Planning	-	-	2,610	-		2,610	130
Computer Software	4,677	2,807	936	936		9,356	11,721
Employee Benefits	3,592	4,310	5,746	718		14,366	16,463
Printing & Publications	5,730	5,730	1,432	1,432		14,324	11,597
Retirement Expense	2,758	3,309	4,412	552		11,031	8,615
Conferences & Meetings	7,631	6,784	2,544	-		16,959	9,200
Telephone	1,957	1,739	435	217		4,348	3,471
Insurance	4,997	1,666	-	-		6,663	4,838
Travel	857	1,552	690	349		3,448	2,940
Seminar Expenses	-	-	2,832	-		2,832	2,919
Advertising	6,169	5,484	1,371	686		13,710	9,614
Certifications	-	-	-	-		0	2,000
Depreciation	903	803	301	-		2,007	1,386
Filing Fees	-	492	-	-		492	386
Amortization	122	73	24	24		243	243
Bad Debt Expense	34,095	-	-	-		34,095	-
Program Expenses	455	-	-	-		455	550
	\$ 989,167	\$ 147,543	\$ 102,734	\$ 78,930		\$ 1,318,374	\$ 1,134,655

See independent auditor's report.