

COMMUNITY FOUNDATION OF
ORANGE AND SULLIVAN

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016

COMMUNITY FOUNDATION OF ORANGE AND SULLIVAN
MONTGOMERY, NEW YORK

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6 - 14
Statements of Functional Expenses	15



Nugent & Haeussler, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ESTABLISHED 1925

101 Bracken Road
Montgomery, New York 12549
Tel (845) 457-1100
Fax (845) 457-1160
e-mail: nh@nhcpas.com

Peter J. Bullis, CPA, FACFEI, DABFA
Norman M. Sassi, CPA
Christopher E. Melley, CPA
Gary C. Theodore, CPA
Julia R. Fraino, CPA
William T. Trainor, CPA
Mark M. Levy, CPA, CFP
Thomas R. Busse, Jr., CPA
Brent T. Napoleon, CPA
Jennifer L. Capicchioni, CPA

Patrick M. Bullis, CPA
Richard P. Capicchioni, CPA
Walter J. Jung, CPA
Jennifer A. Traverse, CPA
Justin B. Wood, CPA

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 statement of financial position as of June 30, 2017, and the related statement 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, 2017, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on page 15 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.

Report on Summarized Comparative Information

We have previously audited the Community Foundation of Orange and Sullivan's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 7, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects with the audited financial statements from which it has been derived.

Nugent & Haeussler, P.C.

Montgomery, New York
October 3, 2017

COMMUNITY FOUNDATION OF ORANGE AND SULLIVAN
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

ASSETS

	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,523,356	\$ 1,469,558
Prepaid Expenses	4,971	2,361
Investments	<u>22,903,052</u>	<u>17,528,716</u>
TOTAL CURRENT ASSETS	24,431,379	19,000,635
FIXED ASSETS, NET	5,298	7,279
INTANGIBLE ASSETS, NET	-	92
OTHER ASSETS		
Student Loans Receivable (including Interest and Penalties), less allowances of \$36,643 and \$36,643 as of June 30, 2017 and 2016, respectively	<u>79,570</u>	<u>67,468</u>
TOTAL ASSETS	<u>\$ 24,516,247</u>	<u>\$ 19,075,474</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Agency Endowments	\$ 4,358,687	\$ 3,566,048
Due to the Rockland Community Foundation	1,695,570	1,654,787
Accounts Payable and Accrued Expenses	7,625	11,965
Deferred Revenue	<u>6,000</u>	<u>15,375</u>
TOTAL CURRENT LIABILITIES	6,067,882	5,248,175
LIABILITY UNDER SPLIT-INTEREST AGREEMENT	<u>28,176</u>	<u>26,753</u>
TOTAL LIABILITIES	<u>6,096,058</u>	<u>5,274,928</u>
NET ASSETS		
Unrestricted	754,413	621,415
Temporarily Restricted	1,001,328	742,618
Permanently Restricted	<u>16,664,448</u>	<u>12,436,513</u>
TOTAL NET ASSETS	<u>18,420,189</u>	<u>13,800,546</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 24,516,247</u>	<u>\$ 19,075,474</u>

The accompanying notes are an integral part of these financial statements

COMMUNITY FOUNDATION OF ORANGE AND SULLIVAN
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	2017 TOTAL	For Comparative Purposes Only 2016 TOTAL
REVENUES, GAINS AND OTHER SUPPORT					
Contributions	\$ 111,619	\$ 398,614	\$ 3,610,418	\$ 4,120,651	\$ 3,478,019
Pledges	68,544	-	-	68,544	74,532
Donor Initiated Events	-	156,183	231,838	388,021	328,560
Annual Reception	181,095	-	-	181,095	157,315
Seminar Revenue	2,200	-	-	2,200	5,275
Seminar Fee Income	235,528	-	-	235,528	199,849
Membership Dues	1,670	-	-	1,670	-
Investment Return	49,578	62,349	1,359,311	1,471,238	(114,226)
TOTAL REVENUES AND GAINS	650,234	617,146	5,201,567	6,468,947	4,129,324
NET ASSETS RELEASED FROM RESTRICTIONS	1,332,068	(358,436)	(973,632)	-	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	1,982,302	258,710	4,227,935	6,468,947	4,129,324
EXPENSES					
Program Services	1,521,767	-	-	1,521,767	1,623,510
Management and General	153,149	-	-	153,149	141,482
Development	92,575	-	-	92,575	87,774
Fund Raising	81,813	-	-	81,813	73,448
TOTAL EXPENSES	1,849,304	-	-	1,849,304	1,926,214
CHANGE IN NET ASSETS	132,998	258,710	4,227,935	4,619,643	2,203,110
NET ASSETS, BEGINNING OF YEAR	621,415	742,618	12,436,513	13,800,546	11,704,208
NET ASSETS, END OF YEAR	\$ 754,413	\$ 1,001,328	\$ 16,664,448	\$ 18,420,189	\$ 13,907,318

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, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 4,619,643	\$ 2,203,110
Adjustments to Reconcile Change in Net Assets to		
Net Cash Flows from Operating Activities		
Depreciation	1,981	2,294
Amortization	92	243
Uncollectible Loan Expense	-	1,842
Non-Cash Contributions	(1,877)	(1,032)
Non-Cash Expenses	1,877	1,032
Realized (Gains)/Losses on Sale of Investments	(279,195)	(1,037,711)
Unrealized (Gains)/Losses on Investments	(840,504)	1,342,879
(Increase) Decrease in Operating Asset:		
Student Loans Receivable	(12,102)	(11,190)
Prepaid Expenses	(2,610)	200
Increase (Decrease) in Operating Liability:		
Agency Endowments	792,639	(42,586)
The Rockland Community Foundation	40,783	1,654,787
Accounts Payable and Accrued Expenses	(4,340)	3,368
Deferred Revenue	(9,375)	(24,000)
Liability under Split-Interest Agreement	<u>1,423</u>	<u>3,878</u>
NET CASH PROVIDED (USED)		
FROM OPERATING ACTIVITIES	<u>4,308,435</u>	<u>4,097,114</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(10,003,214)	(18,706,730)
Sale of Investments	5,748,577	15,034,893
Sale of Fixed Asset	-	195
Loss on Disposition of Fixed Asset	-	204
Purchase of Fixed Assets	<u>-</u>	<u>(1,801)</u>
NET CASH PROVIDED (USED)		
FROM INVESTING ACTIVITIES	<u>(4,254,637)</u>	<u>(3,673,239)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	53,798	423,875
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,469,558</u>	<u>1,045,683</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,523,356</u>	<u>\$ 1,469,558</u>
Supplemental Information:		
Taxes Paid	\$ 775	\$ 775

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, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of monies in the checking, savings and money market accounts.

Investments

The Foundation maintains master investment accounts for its donor-restricted and board designated endowments. Pooling endowment funds for investment purposes has many benefits, including but not limited to spreading the total risk for each endowment fund and making the risk equal for all funds invested in the master investment accounts, enhancing the investment performance relative to that of an individual fund; and reducing management fees. Realized and unrealized gains and losses from securities in the master investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of each endowment to the total fair value of the master investment accounts, as adjusted for additions to or deductions from those accounts.

The Foundation only invests in publicly traded investments in active markets which are reported at fair value in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

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 Revenues and Net Assets

The Foundation presents its net assets and its revenues based upon the existence or absence of donor-imposed restrictions into these classes as follows:

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. In addition, the Foundation has been classified as an organization other than a private foundation under Section 509(a)(2) of the Internal Revenue Code.

COMMUNITY FOUNDATION OF ORANGE AND SULLIVAN
NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, 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, 2017 and 2016, was \$22,475 and \$15,819 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 amounts (\$792,639 gain for 2017 and \$42,586 loss for 2016) are reported through the change in the liability account. The resulting ending balances of \$4,358,687 in 2017 and \$3,566,048 in 2016 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.

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.

COMMUNITY FOUNDATION OF ORANGE AND SULLIVAN
NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Assets

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

Reclassifications

Certain amounts reported in 2016 have been reclassified to conform to the 2017 presentation.

Functional 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.

COMMUNITY FOUNDATION OF ORANGE AND SULLIVAN
NOTES TO FINANCIAL STATEMENTS

NOTE 3. ENDOWMENT INVESTMENT AND SPENDING POLICIES (Continued)

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.

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.

NOTE 4. 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.

COMMUNITY FOUNDATION OF ORANGE AND SULLIVAN
NOTES TO FINANCIAL STATEMENTS

NOTE 4. INVESTMENTS (Continued)

The fair value of each financial instrument in the table below was measured using FASB ASC 820 input guidance and valuation techniques. The following tables set forth estimated fair values for financial instruments as of June 30, 2017 and June 30, 2016:

				2017
<u>2017</u>	<u>LEVEL 1</u>	<u>LEVEL II</u>	<u>LEVEL III</u>	<u>TOTAL</u>
Publicly Traded Equities	\$ 12,689,224	\$ -	\$ -	\$ 12,689,224
Mutual Funds	2,520,196	-	-	2,520,196
Fixed Income	-	7,168,701	-	7,168,701
Exchange - Traded Products	<u>524,931</u>	<u>-</u>	<u>-</u>	<u>524,931</u>
Total	\$ 15,734,351	\$ 7,168,701	\$ -	\$ 22,903,052

					2016
	<u>2016</u>	<u>LEVEL 1</u>	<u>LEVEL II</u>	<u>LEVEL III</u>	<u>TOTAL</u>
Publicly Traded Equities	\$ 9,371,409	\$ -	\$ -	\$ -	\$ 9,371,409
Mutual Funds	2,272,685	-	-	-	2,272,685
Fixed Income	-	5,609,256	-	-	5,609,256
Exchange - Traded Products	<u>275,366</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>275,366</u>
Total	\$ 11,919,460	\$ 5,609,256	\$ -	\$ -	\$ 17,528,716

The investment return consists of the following:

			TEMPORARILY	PERMANENTLY	2017
	<u>2017</u>	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>	<u>RESTRICTED</u>	<u>TOTAL</u>
Realized Gains/(Losses)		\$ 3,061	\$ 3,797	\$ 272,337	\$ 279,195
Unrealized Gains/(Losses)		34,191	43,375	764,361	841,927
Interest and Dividend Income		<u>12,326</u>	<u>15,177</u>	<u>322,613</u>	<u>350,116</u>
Net Investment Return		<u>\$ 49,578</u>	<u>\$ 62,349</u>	<u>\$ 1,359,311</u>	<u>\$ 1,471,238</u>

			TEMPORARILY	PERMANENTLY	2016
	<u>2016</u>	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>	<u>RESTRICTED</u>	<u>TOTAL</u>
Realized Gains/(Losses)		\$ 27,970	\$ 61,264	\$ 948,477	\$ 1,037,711
Unrealized Gains/(Losses)		(40,804)	(81,177)	(1,224,776)	(1,346,757)
Interest and Dividend Income		<u>6,094</u>	<u>12,254</u>	<u>176,472</u>	<u>194,820</u>
Net Investment Return		<u>\$ (6,740)</u>	<u>\$ (7,659)</u>	<u>\$ (99,827)</u>	<u>\$ (114,226)</u>

COMMUNITY FOUNDATION OF ORANGE AND SULLIVAN
NOTES TO FINANCIAL STATEMENTS

NOTE 5. FIXED ASSETS

Fixed assets are summarized as follows:

	2017	2016
Office Equipment	\$ 9,547	\$ 9,547
Office Furniture	<u>5,596</u>	<u>5,596</u>
	15,143	15,143
Less: Accumulated Depreciation	<u>(9,845)</u>	<u>(7,864)</u>
Fixed Assets, net	<u><u>\$ 5,298</u></u>	<u><u>\$ 7,279</u></u>

NOTE 6. INTANGIBLE ASSETS

Intangible assets are summarized as follows:

	2017	2016
Logo	\$ 2,000	\$ 2,000
Website	<u>1,643</u>	<u>1,643</u>
	3,643	3,643
Less: Accumulated Amortization	<u>(3,643)</u>	<u>(3,551)</u>
Intangible Assets, net	<u><u>\$ -</u></u>	<u><u>\$ 92</u></u>

NOTE 7. 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. During 2016, management wrote off student loans in the amount of \$26,040.00, as uncollectible. The balance of such loans at June 30, 2017 and 2016 are summarized as follows:

	2017	2016
Student Loans Receivable	\$ 116,213	\$ 104,111
Less: Allowance for Uncollectible Loans	<u>(36,643)</u>	<u>(36,643)</u>
	<u><u>\$ 79,570</u></u>	<u><u>\$ 67,468</u></u>

NOTE 8. 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.

COMMUNITY FOUNDATION OF ORANGE AND SULLIVAN
NOTES TO FINANCIAL STATEMENTS

NOTE 9. 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	2017 TOTAL	2016 TOTAL
Grants	\$ 52,782	\$ 588,051	\$ 640,833	\$ 642,858
Satisfaction of Restrictions	277,499	150,346	427,845	574,926
Reclassifications	-	-	-	(44,988)
Uncollectible Loan Expense	-	-	-	1,842
Administrative & Investment Management Fees	<u>28,155</u>	<u>235,235</u>	<u>263,390</u>	<u>216,905</u>
Net Assets Released from Restrictions	<u>\$ 358,436</u>	<u>\$ 973,632</u>	<u>\$ 1,332,068</u>	<u>\$ 1,391,543</u>

NOTE 10. MANAGEMENT SERVICE AGREEMENT

During the year ended June 30, 2016, the Foundation entered into a management agreement with the Rockland Community Foundation. Under the terms of the management agreement, the Foundation will provide bookkeeping services, reporting services, deposit services and ancillary services for the Rockland Community Foundation. The management agreement is in effect indefinitely or until either party wishes to terminate the agreement with 60 days written notice.

The additions, expenses, gains, and losses are not reported as separate transactions in the Statement of Activities, but are netted and the net amounts (\$40,783 for 2017 and \$1,654,787 for 2016) are reported through the change in the Due to the Rockland Community Foundation liability account on the statement of financial position. The resulting Due to Rockland Community Foundation liability account balance as of June 30, 2017 and 2016 was \$1,695,570 and \$1,654,787, respectively.

COMMUNITY FOUNDATION OF ORANGE AND SULLIVAN
NOTES TO FINANCIAL STATEMENTS

NOTE 11. LEASE OBLIGATIONS

On June 25, 2014, the Foundation signed a lease for a new office space. The office space 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, 2017 and 2016 amounted to \$24,390 and \$24,390, 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, 2017 are as follows:

Year Ending June 30,	
2018	\$ 28,938
2019	28,938
2020	<u>1,137</u>
	<u>\$ 59,013</u>

NOTE 12. 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, 2017 and 2016 amounted to \$7,425 and \$6,046, respectively.

NOTE 13. SUBSEQUENT EVENTS.

Management has evaluated subsequent events through October 3, 2017, 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 YEARS ENDED JUNE 30, 2017 AND 2016

	PROGRAM SERVICES	MANAGEMENT & GENERAL	DEVELOPMENT	FUND RAISING	2017 TOTAL	For Comparative Purposes Only 2016 TOTAL
Grants	\$ 867,670	\$ -	\$ -	-	\$ 867,670	\$ 1,088,436
Salaries	109,950	80,809	56,888	33,749	281,396	236,704
Payroll Taxes	8,153	5,992	4,218	2,502	20,865	20,483
Direct Benefits to Donors	207,030	-	-	39,341	246,371	188,054
Administrative Fees	176,103	-	-	-	176,103	152,501
Investment Management Fees	87,352	-	-	-	87,352	74,311
Office Rent and Taxes	12,141	9,106	9,106	-	30,353	31,973
Professional Fees	-	12,217	-	-	12,217	12,098
Office Expenses & Supplies	10,544	8,435	2,109	-	21,088	21,137
Strategic Planning	-	-	590	-	590	4,009
Computer Software	8,586	5,154	1,719	1,719	17,178	13,495
Employee Benefits	2,940	3,527	4,702	588	11,757	9,973
Printing & Publications	6,337	6,336	1,583	1,583	15,839	15,486
Retirement Expense	2,236	2,682	3,576	447	8,941	7,494
Conferences & Meetings	1,729	1,538	577	-	3,844	6,429
Telephone	2,224	1,977	495	247	4,943	4,089
Insurance	5,715	1,906	-	-	7,621	7,792
Travel	1,233	2,235	994	503	4,965	2,672
Seminar Expenses	-	-	3,464	-	3,464	6,568
Advertising	10,112	8,990	2,248	1,125	22,475	15,819
Depreciation	891	793	297	-	1,981	2,294
Filing Fees	-	1,424	-	-	1,424	1,433
Amortization	46	28	9	9	92	243
Uncollectible Loan Expense	-	-	-	-	-	1,842
Program Expenses	775	-	-	-	775	675
Loss on Disposition of Fixed Asset	-	-	-	-	-	204
	<u>\$ 1,521,767</u>	<u>\$ 153,149</u>	<u>\$ 92,575</u>	<u>\$ 81,813</u>	<u>\$ 1,849,304</u>	<u>\$ 1,926,214</u>

See independent auditor's report.