

NORTHERN CHAUTAUQUA COMMUNITY FOUNDATION

***REPORT ON AUDITED
FINANCIAL STATEMENTS***

***YEARS ENDED
DECEMBER 31, 2015 AND 2014***

NORTHERN CHAUTAUQUA COMMUNITY FOUNDATION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Northern Chautauqua Community Foundation
West Dunkirk, New York

We have audited the accompanying financial statements of **Northern Chautauqua Community Foundation**, which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years 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 audits. We conducted our audits 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 auditors' 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 **Northern Chautauqua Community Foundation** as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-a-matter

As discussed in Note 8 to the financial statements, the Organization reviewed the classification of certain funds during the current year which resulted in a prior period adjustment. Our opinion is not modified with respect to this matter.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Jamestown, New York
June 7, 2016

NORTHERN CHAUTAUQUA COMMUNITY FOUNDATION
STATEMENTS OF FINANCIAL POSITION

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<i>As of December 31,</i>	2015	2014
Assets		
Current assets		
Cash and cash equivalents	\$ 212,094	\$ 136,032
Investments	22,199,071	22,952,130
Cash surrender value of life insurance	20,986	20,540
Building, equipment and land, net	66,208	67,215
	\$ 22,498,359	\$ 23,175,917
Liabilities and Net Assets		
Current liabilities		
Grants and accounts payable	\$ 8,430	\$ 1,201
Gift annuities payable	38,250	39,573
Total current liabilities	46,680	40,774
Funds held for agencies	1,851,528	1,935,785
Funds held for pass-through	212,919	357,420
Total liabilities	2,111,127	2,333,979
Unrestricted net assets		
Operating	31,349	34,435
Unreserved - fixed assets	66,208	67,215
Board designated - building reserve	10,000	5,000
Community benefit funds	5,863,241	5,979,551
Designated funds	6,262,842	6,213,217
Donor advised funds	965,663	1,011,702
Brocton Scholarship funds	81,847	87,019
Dunkirk Scholarship funds	1,972,452	2,031,125
Fredonia Scholarship funds	675,457	704,014
Miscellaneous Scholarship funds	3,870,701	4,077,138
Westfield Scholarship funds	625,818	662,111
Gift annuities	(38,346)	(30,589)
Total unrestricted net assets	20,387,232	20,841,938
	\$ 22,498,359	\$ 23,175,917

See accompanying independent auditor's report and notes to financial statements.

NORTHERN CHAUTAUQUA COMMUNITY FOUNDATION
STATEMENTS OF ACTIVITIES

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Years ended December 31,	2015	2014
Unrestricted support and revenue		
Contributions	\$ 702,522	\$ 305,688
Unrealized losses	(787,643)	(479,227)
Realized gains (losses)	(29,557)	968,317
Interest and dividends	451,038	514,288
Special fund - fundraising revenue	-	119,092
Patron dues and miscellaneous income	20,317	23,923
Change in cash surrender value of life insurance	445	456
Change in value of charitable gift annuities	(7,757)	(6,941)
Total unrestricted support and revenue	349,365	1,445,596
Expenses		
Grants to others	533,487	560,070
Management and general	270,584	260,094
Special fund - fundraising expenses	-	70,204
Total expenses	804,071	890,368
Change in unrestricted net assets	(454,706)	555,228
Unrestricted net assets, at beginning of year, previously stated	20,841,938	19,614,281
Prior period adjustment	-	672,429
Unrestricted net assets, at beginning of year, restated	20,841,938	20,286,710
Unrestricted net assets, at end of year	\$ 20,387,232	\$ 20,841,938

See accompanying independent auditor's report and notes to financial statements.

NORTHERN CHAUTAUQUA COMMUNITY FOUNDATION
STATEMENTS OF CASH FLOWS

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Years ended December 31,	2015	2014
Cash flows from operating activities		
Change in net assets	\$ (454,706)	\$ 555,228
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net realized and unrealized losses (gains) on investments	817,645	(488,634)
Net realized and unrealized losses (gains) on investments of agency and pass-through funds	75,357	(53,605)
Change in value of split-interest agreement	7,757	6,941
Change in cash surrender value of life insurance	(445)	(456)
Depreciation expense	2,167	2,017
Change in operating assets and liabilities:		
Grants and accounts payable	7,229	(15,086)
Gift annuity payable	(1,323)	(1,330)
Funds held for agencies	(84,257)	(217,433)
Funds held for pass-through	(144,501)	38,242
Net cash flows provided by (used in) operating activities	224,923	(174,116)
Cash flows from investing activities		
Fixed asset purchases	(1,161)	(589)
Sale of investments	7,273,046	12,302,014
Purchase of investments	(7,420,746)	(12,078,633)
Net cash provided by (used in) investing activities	(148,861)	222,792
Net change in cash	76,062	48,676
Cash and cash equivalents at beginning of year	136,032	87,356
Cash and cash equivalents at end of year	\$ 212,094	\$ 136,032

See accompanying independent auditor's report and notes to financial statements.

NORTHERN CHAUTAUQUA COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

Nature of Operations

Northern Chautauqua Community Foundation (NCCF) is a publicly supported not-for-profit corporation created in 1986 who serves as a catalyst for the establishment of endowments to benefit the community both now and in the future, promotes local philanthropy, and provides leadership and resources to address local challenges and opportunities. The administration of the Foundation's operations and the approval of its grants are the responsibility of a board of directors. The directors are elected by a plurality of votes cast at the annual meeting of the membership. The Foundation operates solely in the Northern Chautauqua region and receives and invests gifts from individuals, corporations, foundations, and other not-for-profit organizations. These funds are invested and the income generated thereon is used for the community's charitable needs.

Basis of Accounting

The financial statements of **Northern Chautauqua Community Foundation** have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Topic 958, *Not-for-Profit Entities*. Under this topic, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Foundation does not have any assets that would be considered temporarily and permanently restricted.

Variance Power

Generally accepted accounting principles provide that if the governing body of an organization has the unilateral power to redirect the use of a donor's contribution to another beneficiary, such contributions must be classified as unrestricted net assets. The bylaws of the Foundation include a variance power provision giving the Board of Directors the power to vary the use of funds if the stated purpose of a contribution becomes no longer applicable and therefore, incapable of fulfillment. Based on this provision, all contributions received by the Foundation, except for contributions to Agency Funds as described in Note 2, are reported as unrestricted revenues. Accordingly, the Foundation's financial statements classify substantially all funds, including the corpus of endowment funds, as unrestricted net assets, but segregate for internal management and endowment record keeping the portion that is held as endowment from the funds that are currently available for grants.

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES
(CONTINUED)

Fund Accounting

In order to account for assets, liabilities, revenues, and expenditures directly related to certain activities, separate funds are used by the Foundation.

Contributions

Gifts of cash and other assets received are reported as unrestricted revenue and net assets, unless subject to time restrictions. All contributions are recorded at fair value when the Foundation becomes aware of them. It is the Foundation's policy to liquidate gifts of stocks and securities as soon as possible. Any gain or loss on liquidation is allocated to the fund that received the donation.

Gifts of land, buildings, equipment and other long-lived assets are also reported as unrestricted revenues and net assets. They are reported at estimated fair value and capitalized, with depreciation being taken over their estimated useful lives.

Donated Services

Donated services are recognized as contributions in accordance with Financial Accounting Standards Board Topic 958-605, *Not-for-Profit Entities – Revenue Recognition – Contributed Services*, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. The Foundation does not recognize any donated services, but many individuals volunteer their time and perform a variety of tasks that assist the Foundation with specific programs and various committee assignments.

Grants

Grants are recorded as expenses of unrestricted net assets when approved by the Board of Directors.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

NORTHERN CHAUTAUQUA COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Foundation maintains its cash balances at more than one financial institution. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At various times during the years, the balance in these accounts exceeded the Federal Deposit Insurance Corporation limit.

For purposes of the statement of cash flows, the Foundation considers highly liquid debt instruments purchased with a maturity of three months or less to be a cash equivalent. At December 31, 2015, cash and cash equivalents classified as investments totaled \$494,849 invested with Lake Shore Savings Bank, Cattaraugus County Bank, TD Ameritrade and Charles Schwab. At December 31, 2014, cash and cash equivalents classified as investments totaled \$1,382,778 invested with Lake Shore Savings Bank, TD Ameritrade and Charles Schwab.

Net Assets

Net assets of the Foundation are segregated based on the type of fund the donor agrees to and are defined below as:

Endowed Fund – An endowed fund is expected to last in perpetuity. The foundation requires an initial deposit of \$5,000 and the fund must have a balance of at least \$5,000 to issue grants.

Non-Endowed Fund – A non-endowed fund is not expected to last in perpetuity and is created with the intent of distributing the entire balance in a short period of time.

Operations/administration – Unrestricted net assets for the operation/administration of the Foundation.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current presentation, including the restatement of net assets as discussed in Note 10.

NOTE 2 – FUNDS HELD FOR AGENCIES

The Foundation adopted the Financial Accounting Standards Board Topic 958-605, *Not-for-Profit Entities – Revenue Recognition – Transfers of Assets to Not-for-Profit Entity or Charitable Trust that Raises or Holds Contributions for Others*. This Topic establishes standards for transactions in which the Foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets or both, to a not-for-profit organization that is specified by the donor.

NOTE 2 – FUNDS HELD FOR AGENCIES (CONTINUED)

This Topic specifically requires that if the donor is a not-for-profit organization that established a fund at the Foundation using its own funds, and for its own benefit, the Foundation must account for the transfer of such assets as a liability. The Foundation refers to these funds as agency funds.

The Foundation maintains variance power and legal ownership of agency funds and as such continues to report the funds as assets of the Foundation. However, in accordance the FASB ASC 958, a liability has been established for the fair value of the funds, which is generally equivalent to the present value of future payments to be made to the nonprofit organization.

All financial activity related to those agency funds is recorded as adjustments to the funds held for agencies liability on the statements of financial position and is omitted from the statements of activities.

As of December 31, 2015 and 2014, the Foundation was the owner of approximately twenty-two agency funds with a combined value of \$1,851,528 and \$1,935,785, respectively. The Foundation also had approximately twenty-five pass-through funds with a combined value of \$212,919 and \$357,423 as of December 31, 2015 and 2014, respectively.

The change in the funds held for agencies and pass-through funds consists of the following for the years ended December 31:

	2015	2014
Additions:		
Contributions	\$ 117,555	\$ 123,579
Special fund - fundraising revenues	131,670	64,802
Realized gains	--	108,016
Investment Income	41,341	56,187
	<hr/>	<hr/>
Total additions	290,566	352,584
Deductions:		
Unrealized losses	72,646	54,411
Realized losses	2,711	--
Grants	360,148	443,828
Special fund - fundraising expense	64,789	10,463
Administrative expenses	19,030	22,109
Transfers	--	1,276
	<hr/>	<hr/>
Total deductions	519,324	532,087
Change in balance	(228,758)	(179,503)
Balance at beginning of year, restated	2,293,205	2,472,708
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Balance end of year	\$ 2,064,447	\$ 2,293,205

NORTHERN CHAUTAUQUA COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 3 – BUILDING, EQUIPMENT AND LAND

Building, equipment and land consisted of the following as of December 31:

	2015	2014
Office furniture and equipment	\$ 50,781	\$ 49,405
Building	60,798	60,798
Land	10,000	10,000
Subtotal – cost basis	121,579	120,203
Less: accumulated depreciation	(55,371)	(52,988)
Property and equipment, net	\$ 66,208	\$ 67,215

Office furniture and equipment is depreciated using the straight-line method over an estimated life of five years and depreciation totaled \$608 and \$458 for the years ended December 31, 2015 and 2014, respectively. The building is depreciated using the straight-line method over an estimated life of thirty-nine years and depreciation totaled \$1,559 for each of the years ended December 31, 2015 and 2014, respectively.

NOTE 4 – INVESTMENTS

Investments are presented in the financial statements in the aggregate at fair market value. They were invested as follows at December 31, 2015:

Investment Description	Cost	Market
Lakeshore Savings Bank		
Cash & Cash Equivalents	\$ 89,123	\$ 89,123
Cattaraugus County Bank		
Cash & Cash Equivalents	40,218	40,218
TD Ameritrade- Courier		
Capital:		
Cash & Cash Equivalents	120,827	120,827
Exchange Traded Funds	1,200,589	1,192,802
Fixed Income	5,160,316	5,366,210
Mutual Funds	482,607	473,147
Charles Schwab- Manning & Napier:		
Cash & Cash Equivalents	244,681	244,681
Fixed Income	1,184,650	1,045,295
Equities	5,273,233	6,038,210
Vanguard Funds:		
500 Index Funds	1,097,184	1,849,835
Total International Stock		
Index Fund	1,501,119	1,360,292
Total Stock Market Index		
Fund	2,823,013	4,147,641
Emerging Markets Stock		
Index Fund	348,643	230,790
Total	\$ 19,566,203	\$ 22,199,071

NOTE 4 – INVESTMENTS (CONTINUED)

Endowment funds were invested as follows at December 31, 2014

Investment Description	Cost	Market
Lakeshore Savings Bank		
Cash & Cash Equivalents	\$ 107,487	\$ 107,487
Cattaraugus County Bank		
Cash & Cash Equivalents	40,107	40,107
TD Ameritrade- Courier		
Capital:		
Cash & Cash Equivalents	702,184	702,184
Exchange Traded Funds	600,287	584,387
Fixed Income	5,433,845	5,365,598
Mutual Funds	282,844	274,570
Charles Schwab - Manning & Napier:		
Cash & Cash Equivalents	533,000	533,000
Fixed Income	1,290,422	1,295,939
Equities	5,858,063	6,398,837
Vanguard Funds:		
500 Index Funds	1,058,821	1,824,963
Total International Stock		
Index Fund	1,463,188	1,420,804
Total Stock Market Index		
Fund	2,471,959	4,131,625
Emerging Markets Stock		
Index Fund	341,297	272,629
Total	\$ 20,183,504	\$ 22,952,130

Sales of investments resulted in net realized gains (losses) of (\$32,268) and \$1,077,332 at December 31, 2015 and 2014, respectively. For purposes of determining the gain or loss on a sale, the cost of securities sold is based on the first in first out (FIFO) cost method for mutual funds and the specific identification method for all other investments. The fair values for investments are based primarily on quoted market prices.

Return on investments for Endowment and Agency Funds is as follows for the years ended:

	2015	2014
Realized gains (losses)	\$ (32,268)	\$ 1,077,332
Unrealized gains (losses)	(867,601)	(541,890)
Interest and dividends	492,379	571,006
Return on investment	\$ (\$407,490)	\$ \$1,106,448

Netted against return on investments are investment fees in the amount of \$85,590 and \$84,971, for the years ended December 31, 2015 and 2014, respectively.

NORTHERN CHAUTAUQUA COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 4 – INVESTMENTS (CONTINUED)

As of December 31, 2015 and 2014, there were no funds whose market value was below their historical cost value.

NOTE 5 - GIFT ANNUITIES PAYABLE

A charitable gift annuity is a contract between the Foundation and the Donor. The Foundation agrees to pay the Donor (or other person named by the Donor) a lifetime annuity in return for a gift of cash or securities. The Foundation used fair market value for recognizing assets related to the gift annuities payable in the financial statements. The Foundation has segregated investments in the U.S. Treasury Funds restricted for the payment of the annuities. This amount met the required investment by New York State Insurance Law. The Foundation had two gift annuities remaining at December 31, 2015 and 2014.

The following assumptions were made for the gift annuities payable at December 31:

	Discount Rate	Lifetime Expectancy	Amount of the Payable
2015			
Annuity II	9.00%	2.8	\$ 19,648
Annuity VII	6.40%	8.2	18,602
Total			<u>\$ 38,250</u>
2014			
Annuity II	9.00%	3.0	\$ 20,871
Annuity VII	6.20%	8.5	18,702
Total			<u>\$ 39,573</u>

NOTE 6- ENDOWMENTS

Return Objectives and Risk Parameters

The primary investment objective of the Foundation is to maximize long-term real (after inflation) investment returns recognizing established risk parameters and the need to preserve capital. The possibility of short-term declines in market value is acceptable in order to achieve potentially higher long-term investment returns. The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under NYPMIFA, adopted by New York State in September 2010, the Foundation, at its discretion, has the ability to distribute endowment assets below the donor's original dollar value of the gift.

NOTE 6 - ENDOWMENTS (CONTINUED)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The objectives shall be accomplished by utilizing a strategy of equities, fixed income and cash equivalents in a mix that is conducive to participation in a rising market while allowing for adequate protection in a falling market.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation's spending policy has been revised to comply with the requirements of the New York Prudent Management of Institutional Funds Act (NYPMIFA). A summary of the terms of the spending policy are as follows:

	Effective 1/1/2015	Effective 1/1/2014
Spending percentage:		
Available to spend Maximum	3.50%	3.50%
Administrative fees	1.00%	1.00%
Total	<u>4.50%</u>	<u>4.50%</u>

The Foundation has two scholarship funds that are charged a 2% administrative fee rather than 1%.

Calculation period:

Available to spend	Trailing 20 quarters	Trailing 20 quarters
Administrative fees	Average beginning and ending year to date balances	Average beginning and ending year to date balances

Under the spending policy, distributions are based on the endowments average fair value over the calculation period as described above. This spending strategy reflects the total return approach to investing and disbursing funds as described above. Grant spending is dependent upon the type of fund established (endowed versus non-endowed).

NOTE 7 – FEDERAL TAX STATUS

The Foundation is a not-for-profit organization, exempt from income taxes under section 501(c)(3) of the United States Internal Revenue Code. Contributions to the Foundation are deductible under section 170(c) of the Code. The Foundation is not a private foundation as described in Section 509(a) of the Code. Income tax returns that remain open for examination by taxing authorities include 2012 and later years.

NOTE 8 – SUBSEQUENT EVENTS

Subsequent events were evaluated by Management through June 7, 2016, which is the date the financial statements were available to be issued..

NORTHERN CHAUTAUQUA COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 9 - FAIR VALUE MEASUREMENTS

The Foundation's investments are reported at fair value in the accompanying statements of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurement at the reporting date. FASB ASC 820-10-50 (formerly SFAS No. 157), Fair Value Measurements, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. As presented in the table below, this hierarchy consists of three broad levels. Level 1 inputs on the hierarchy consist of unadjusted quoted prices in active markets and have the highest priority. Level 2 inputs consist of quoted prices in active markets for similar assets or liabilities or quoted prices in inactive markets for identical or similar assets or liabilities. Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement, and have the lowest priority. The Foundation uses appropriate valuation techniques based on available inputs to measure the fair value of the Foundation's investments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 and Level 3 inputs are only used when Level 1 inputs are not available. As of December 31, the Foundation's investments measured at fair value consisted of the following instruments and classifications within the fair value hierarchy.

	Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)	Total at December 31, 2015
Cash and cash equivalents	\$ 494,849	\$ --	\$ --	\$ 494,849
Mutual funds	8,061,705	--	--	8,061,705
Exchange Traded Funds	1,192,802	--	--	1,192,802
Bond funds	6,411,505	--	--	6,411,505
Common stocks	6,038,210	--	--	6,038,210
Cash surrender value of life insurance	--	--	20,986	20,986
Total	\$ 22,199,071	\$ --	\$ 20,986	\$ 22,220,057

	Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)	Total at December 31, 2014
Cash and cash equivalents	\$ 1,382,778	\$ --	\$ --	\$ 1,382,778
Mutual funds	1,708,048	--	--	1,708,048
Exchange Traded Funds	584,387	--	--	584,387
Bond funds	5,365,598	--	--	5,365,598
Common stocks	13,911,319	--	--	13,911,319
Cash surrender value of life insurance	--	--	20,540	20,540
Total	\$ 22,952,130	\$ --	\$ 20,540	\$ 22,972,670

NOTE 10 - PRIOR PERIOD ADJUSTMENT

For the fiscal year ended December 31, 2015, the Organization performed a review of classifications of its funds. The review resulted in the reclassification of funds previously held as agency funds and pass through funds to and from net endowment assets which required the Organization to record a prior period adjustment. The Organization's net assets as of January 1, 2014 were restated to reflect the reclassification as follows:

Funds held for agency	\$ (697,667)	Community benefit funds	\$ 4,710
Funds held for pass-throughs	25,238	Designated funds	686,757
		Brocton scholarships	(17,196)
Restatement of liabilities as of January 1, 2014	<u>\$ (672,429)</u>	Dunkirk scholarships	(155)
		Miscellaneous scholarships	<u>(1,687)</u>
		Restatement of net assets as of January 1, 2014	<u>\$ 672,429</u>

NORTHERN CHAUTAUQUA COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 10 – PRIOR PERIOD ADJUSTMENT (CONTINUED)

The effect of the restatement on revenue and expenses for the year ended December 31, 2014 for the following agency funds, pass-through funds and endowments were as follows:

	Contributions	Investment Income	Realized Gains	Unrealized Losses	Grants	General and Administrative Expenses	Total
Funds held for agency	\$ --	\$ (17,839)	\$ (33,653)	\$ 16,856	\$ 8,408	\$ 7,117	\$ (19,111)
Funds held for pass-throughs	3,932	722	1,376	(612)	(4,502)	(268)	648
Total liabilities	\$ 3,932	\$ (17,117)	\$ (32,277)	\$ 16,244	\$ 3,906	\$ 6,849	\$ (18,463)
Community benefit funds	\$ 4	\$ --	\$ --	\$ -	\$ (4,514)	\$ --	\$ (4,510)
Designated funds	--	17,559	33,124	(16,591)	(6,403)	(7,013)	20,676
Brocton scholarships	(250)	(406)	(779)	313	2,611	160	1,649
Dunkirk scholarships	(2,579)	(5)	(8)	4	1,000	4	(1,584)
Fredonia Scholarships	(300)	--	--	--	300	--	--
Miscellaneous scholarships	(807)	(31)	(60)	30	3,100	--	2,232
Total net assets	\$ (3,932)	\$ 17,117	\$ 32,277	\$ (16,244)	\$ (3,906)	\$ (6,849)	\$ 18,463

SUPPLEMENTARY INFORMATION



INDEPENDENT ACCOUNTANT'S REPORT ON SUPPLEMENTAL MATERIAL

We have audited the financial statements of *Northern Chautauqua Community Foundation* as of and for the years ended December 31, 2015 and 2014 and our report thereon dated June 7, 2016, which expressed an unqualified opinion on the financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on those statements taken as a whole. The supplemental material, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Jamestown, New York
June 7, 2016**

	Endowments	Agency and Pass-through Funds	2015 Total	2014 Total
Salaries and benefits	\$ 172,646	\$ 12,157	\$ 184,803	\$ 183,439
Payroll taxes	13,810	972	14,782	13,161
Utilities	3,748	264	4,012	5,398
Conferences and meetings	5,372	378	5,750	6,033
Office supplies and expenses	11,010	775	11,785	11,076
Dues and subscriptions	2,300	162	2,462	2,013
Telephone	1,846	130	1,976	2,341
Insurance	4,925	347	5,272	4,057
Travel and promotion	8,387	591	8,978	5,271
Computer support	12,910	909	13,819	16,498
Professional fees	6,353	447	6,800	6,500
Accounting services	18,497	1,303	19,800	18,150
Depreciation expense	2,024	143	2,167	2,017
Building maintenance	4,090	288	4,378	3,765
Miscellaneous	2,666	164	2,830	2,557
Total expenses	\$ 270,584	\$ 19,030	\$ 289,614	\$ 282,276

NORTHERN CHAUTAUQUA COMMUNITY FOUNDATION
SCHEDULE OF CHANGES IN LIABILITIES AND NET ASSETS BY FUND

Year ended December 31, 2015

	Beginning Liabilities and Net Assets	Contributions	Special Fund - Fundraising Revenues	Investment Income	Realized Losses	Unrealized Gains/(Losses) and Change in CSV Gift Annuities	Patron Dues, Miscellaneous Income	Grants	General and Administrative Expenses	Special Fund - Fundraising Expenses	Fund Transfers & Adjustments	Change in Liability	Ending Liabilities and Net Assets
Liabilities													
Grants payable	\$ 1,201	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 7,229	\$ 8,430
Gift annuity payable	39,573	--	--	--	--	--	--	--	--	--	--	(1,323)	38,250
Funds held for agencies	1,935,785	19,270	--	41,341	(2,711)	(72,646)	--	(50,481)	(19,030)	--	--	--	1,851,528
Funds held for pass-throughs	357,420	98,285	131,670	--	--	--	--	(309,667)	--	(64,789)	--	--	212,919
Total Liabilities	2,333,979	117,555	131,670	41,341	(2,711)	(72,646)	--	(360,148)	(19,030)	(64,789)	--	5,906	2,111,127
Unrestricted Net Assets													
Operating fund	34,435	6,040	--	181	--	--	20,317	--	(23,136)	--	(6,376)	--	31,461
Undesignated - fixed assets	67,215	--	--	--	--	--	--	--	(2,495)	--	1,376	--	66,096
Board designated-building reserve	5,000	--	--	--	--	--	--	--	--	--	5,000	--	10,000
Community benefit funds	5,979,551	239,292	--	131,498	(10,418)	(233,715)	--	(181,681)	(61,286)	--	--	--	5,863,241
Designated funds	6,213,217	365,792	--	134,979	(7,242)	(223,908)	--	(158,795)	(61,201)	--	--	--	6,262,842
Donor advised funds	1,011,702	2,008	--	21,724	(1,395)	(38,444)	--	(19,951)	(9,981)	--	--	--	965,663
Brocton scholarships	87,019	--	--	1,851	(106)	(3,217)	--	(2,850)	(850)	--	--	--	81,847
Dunkirk scholarships	2,031,125	54,870	--	43,764	(2,847)	(78,088)	--	(46,700)	(29,672)	--	--	--	1,972,452
Fredonia scholarships	704,014	11,584	--	15,164	(1,005)	(27,301)	--	(20,009)	(6,990)	--	--	--	675,457
Miscellaneous scholarships	4,077,138	18,736	--	87,742	(5,685)	(157,381)	--	(81,380)	(68,469)	--	--	--	3,870,701
Westfield scholarships	662,111	4,200	--	14,135	(859)	(25,144)	--	(22,121)	(6,504)	--	--	--	625,818
Subtotal	20,872,527	702,522	--	451,038	(29,557)	(787,198)	20,317	(533,487)	(270,584)	--	--	--	20,425,578
Gift annuities	(30,589)	--	--	--	--	(7,757)	--	--	--	--	--	--	(38,346)
Total Net Assets	20,841,938	702,522	--	451,038	(29,557)	(794,955)	20,317	(533,487)	(270,584)	--	--	--	20,387,232
Total Liabilities and Net Assets	\$ 23,175,917	\$ 820,077	\$ 131,670	\$ 492,379	\$ (32,268)	\$ (867,601)	\$ 20,317	\$ (893,635)	\$ (289,614)	\$ (64,789)	\$ --	\$ 5,906	\$ 22,498,359

NORTHERN CHAUTAUQUA COMMUNITY FOUNDATION
SCHEDULE OF CHANGES IN LIABILITIES AND NET ASSETS BY FUND

Year ended December 31, 2014

	Beginning Liabilities and Net Assets	Contributions	Special Fund - Fundraising Revenues	Investment Income	Realized Gains	Unrealized Gains/(Losses) and Change in CSV Gift Annuities	Patron Dues, Miscellaneous Income	Grants	General and Administrative Expenses	Special Fund - Fundraising Expenses	Fund Transfers & Adjustments	Change in Liability	Ending Liabilities and Net Assets
Liabilities													
Grants payable	\$ 16,287	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ (15,086)	\$ 1,201
Gift annuity payable	40,903	--	--	--	--	--	--	--	--	--	--	(1,330)	39,573
Funds held for agencies	2,153,530	16,000	--	49,788	95,955	(48,442)	--	(309,430)	(19,663)	--	(1,953)	--	1,935,785
Funds held for pass-throughs	319,178	107,579	64,802	6,399	12,061	(5,969)	--	(134,398)	(2,446)	(10,463)	677	--	357,420
Total Liabilities	2,529,898	123,579	64,802	56,187	108,016	(54,411)	--	(443,828)	(22,109)	(10,463)	(1,276)	(16,416)	2,333,979
Unrestricted Net Assets													
Operating fund	27,476	1,405	--	89	--	--	22,957	--	(14,171)	--	(3,321)	--	34,435
Undesignated - fixed assets	68,644	--	--	--	--	--	--	--	(2,017)	--	588	--	67,215
Board designated-building reserve	--	--	--	--	--	--	--	--	--	--	5,000	--	5,000
Community benefit funds	5,851,846	43,809	--	149,470	281,204	(140,904)	--	(121,271)	(59,757)	--	(24,846)	--	5,979,551
Designated funds	6,100,029	53,196	24,107	153,179	287,597	(137,403)	--	(219,756)	(61,033)	(9,730)	23,031	--	6,213,217
Donor advised funds	934,136	58,634	71,931	24,322	45,794	(23,955)	--	(46,102)	(9,797)	(43,059)	(202)	--	1,011,702
Brocton scholarships	81,600	3,458	--	2,131	3,998	(2,069)	--	(1,250)	(848)	--	(1)	--	87,019
Dunkirk scholarships	1,961,895	32,370	23,054	50,132	94,724	(47,487)	--	(36,430)	(29,708)	(17,415)	(10)	--	2,031,125
Fredonia scholarships	685,106	15,756	--	17,524	33,118	(16,641)	--	(22,975)	(7,008)	--	(866)	--	704,014
Miscellaneous scholarships	3,959,627	82,783	--	101,169	191,158	(95,773)	--	(94,190)	(69,229)	--	1,593	--	4,077,138
Westfield scholarships	640,455	14,277	--	16,272	30,724	(14,995)	--	(18,096)	(6,526)	--	--	--	662,111
Subtotal	20,310,814	305,688	119,092	514,288	968,317	(479,227)	22,957	(560,070)	(260,094)	(70,204)	966	--	20,872,527
Gift annuities	(24,104)	--	--	531	999	(8,252)	--	--	(73)	--	310	--	(30,589)
Total Net Assets	20,286,710	305,688	119,092	514,819	969,316	(487,479)	22,957	(560,070)	(260,167)	(70,204)	1,276	--	20,841,938
Total Liabilities and Net Assets	\$ 22,816,608	\$ 429,267	\$ 183,894	\$ 571,006	\$ 1,077,332	\$ (541,890)	\$ 22,957	\$ (1,003,898)	\$ (282,276)	\$ (80,667)	\$ --	\$ (16,416)	\$ 23,175,917

See accompanying independent auditor's report and notes to financial statements.