

FINANCIAL STATEMENTS OF
TOMPKINS COUNTY PUBLIC LIBRARY
FOUNDATION, INC.
YEARS ENDED DECEMBER 31, 2018 AND 2017

TOMPKINS COUNTY PUBLIC LIBRARY FOUNDATION, INC.

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DECEMBER 31, 2018 AND 2017

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tompkins County Public Library Foundation, Inc.
Ithaca, New York 14850

We have audited the accompanying financial statements of Tompkins County Public Library Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and changes in net assets, statement of functional expenses, and statement of 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 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 Tompkins County Public Library Foundation, Inc., as of December 31, 2018 and 2017, 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 Matter

As discussed in Note N to the financial statements, Tompkins County Public Library Foundation, Inc. restated its 2017 financial statements to correct an error. Our opinion is not modified with respect to that matter.

Sciarabba Walker & Co., LLP

Sciarabba Walker & Co., LLP

Ithaca, New York
August 28, 2019

TOMPKINS COUNTY PUBLIC LIBRARY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,

ASSETS

| | 2018 | 2017 |
|---|---------------------|---------------------|
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 893,042 | \$ 812,400 |
| Due from Tompkins County Public Library | - | 3,487 |
| Unconditional promises to give, current portion net of allowance for unfulfilled pledges of \$0 and \$2,000, respectively | 94,050 | 114,111 |
| TOTAL CURRENT ASSETS | 987,092 | 929,998 |
| RESTRICTED CASH AND CASH EQUIVALENTS | 36,913 | 37,808 |
| FIXED ASSETS , net of accumulated depreciation | 8,136 | 9,531 |
| LONG-TERM INVESTMENTS | 2,015,952 | 2,174,657 |
| LONG-TERM UNCONDITIONAL PROMISES TO GIVE , net of discount | - | 47,530 |
| TOTAL ASSETS | \$ 3,048,093 | \$ 3,199,524 |

LIABILITIES AND NET ASSETS

| | | |
|--|---------------------|---------------------|
| CURRENT LIABILITIES: | | |
| Due to Tompkins County Public Library | \$ 28,421 | \$ 19,410 |
| Accounts payable and accrued liabilities | 19,129 | 16,552 |
| TOTAL CURRENT LIABILITIES | 47,550 | 35,962 |
| NET ASSETS: | | |
| Without donor restrictions | 2,007,995 | 2,111,794 |
| With donor restrictions | 992,548 | 1,051,768 |
| TOTAL NET ASSETS | 3,000,543 | 3,163,562 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 3,048,093 | \$ 3,199,524 |

See accompanying notes.

**TOMPKINS COUNTY PUBLIC LIBRARY FOUNDATION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2018**

| | Net assets without donor restrictions | Net assets with donor restrictions | Total |
|---|---|--|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| SUPPORT: | | | |
| Contributions | \$ 283,039 | \$ 51,264 | \$ 334,303 |
| REVENUES: | | | |
| Interest income | 4,395 | - | 4,395 |
| Dividend income, net | 20,784 | 14,710 | 35,494 |
| Capital gain distributions | - | - | - |
| Gain on sale of investments | 15,191 | 33,757 | 48,948 |
| Unrealized loss on investments | (91,746) | (110,204) | (201,950) |
| Marketing income | 25,000 | - | 25,000 |
| In-kind contributions | 2,440 | - | 2,440 |
| Net assets released from restrictions | 48,747 | (48,747) | - |
| TOTAL SUPPORT AND REVENUES | <u>307,850</u> | <u>(59,220)</u> | <u>248,630</u> |
| EXPENSES: | | | |
| Program services | 146,346 | - | 146,346 |
| Management and general | 147,788 | - | 147,788 |
| Fundraising | 117,515 | - | 117,515 |
| TOTAL EXPENSES | <u>411,649</u> | <u>-</u> | <u>411,649</u> |
| CHANGE IN NET ASSETS | (103,799) | (59,220) | (163,019) |
| NET ASSETS, beginning of year, as restated | <u>2,111,794</u> | <u>1,051,768</u> | <u>3,163,562</u> |
| NET ASSETS, end of year | <u><u>\$ 2,007,995</u></u> | <u><u>\$ 992,548</u></u> | <u><u>\$ 3,000,543</u></u> |

See accompanying notes.

**TOMPKINS COUNTY PUBLIC LIBRARY FOUNDATION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2017**

| | Net assets without donor restrictions | Net assets with donor restrictions | Total |
|--|---|--|------------------|
| SUPPORT: | | | |
| Contributions | \$ 282,084 | \$ 52,170 | \$ 334,254 |
| REVENUES: | | | |
| Interest income | 7,858 | - | 7,858 |
| Dividend income, net | 16,557 | 13,057 | 29,614 |
| Gain on sale of investments | 26,857 | 26,600 | 53,457 |
| Unrealized gain on investments | 80,617 | 99,936 | 180,553 |
| In-kind contributions | 8,622 | - | 8,622 |
| Miscellaneous income | 2,704 | - | 2,704 |
| Net assets released from restrictions | 645,331 | (645,331) | - |
| TOTAL SUPPORT AND REVENUES | 1,070,630 | (453,568) | 617,062 |
| EXPENSES: | | | |
| Program services | 797,669 | - | 797,669 |
| Management and general | 100,574 | - | 100,574 |
| Fundraising | 118,213 | - | 118,213 |
| TOTAL EXPENSES | 1,016,456 | - | 1,016,456 |
| CHANGE IN NET ASSETS | 54,174 | (453,568) | (399,394) |
| NET ASSETS , beginning of year as restated | 2,057,620 | 1,505,336 | 3,562,956 |
| NET ASSETS , end of year as restated | \$ 2,111,794 | \$ 1,051,768 | \$ 3,163,562 |

See accompanying notes.

TOMPKINS COUNTY PUBLIC LIBRARY FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

| | <u>Program Services</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> |
|---|-----------------------------|-----------------------------------|--------------------|-------------------|
| Expenses: | | | | |
| Salaries | \$ 15,501 | \$ 57,588 | \$ 89,590 | \$ 162,679 |
| Employee benefits & taxes | 1,131 | 24,410 | 6,546 | 32,087 |
| Professional services | - | 30,486 | 50 | 30,536 |
| Insurance | - | 1,425 | - | 1,425 |
| Dues, meeting fees, and subscriptions | - | 1,000 | 19 | 1,019 |
| Campaign expenses | - | 5,517 | - | 5,517 |
| Printing and design | 928 | 5,024 | 2,449 | 8,401 |
| Postage | 342 | 1,029 | 1,290 | 2,661 |
| Supplies & equipment | - | 2,156 | 1,598 | 3,754 |
| Staff development | - | 3,178 | - | 3,178 |
| Bank fees | - | 3,761 | - | 3,761 |
| Events & meetings | - | 158 | 6,348 | 6,506 |
| Uncollectable pledges | - | 10,661 | 9,625 | 20,286 |
| In-kind materials and services | 2,440 | - | - | 2,440 |
| Tompkins County Public Library support | 126,004 | - | - | 126,004 |
| TOTAL EXPENSES BEFORE DEPRECIATION | 146,346 | 146,393 | 117,515 | 410,254 |
| Depreciation | - | 1,395 | - | 1,395 |
| TOTAL FUNCTIONAL EXPENSES | <u>\$ 146,346</u> | <u>\$ 147,788</u> | <u>\$ 117,515</u> | <u>\$ 411,649</u> |

See accompanying notes.

TOMPKINS COUNTY PUBLIC LIBRARY FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017

| | <u>Program Services</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> |
|---|-----------------------------|-----------------------------------|--------------------|---------------------|
| Expenses: | | | | |
| Salaries | \$ 14,627 | \$ 43,372 | \$ 82,789 | \$ 140,788 |
| Employee benefits & taxes | 1,010 | 13,563 | 5,643 | 20,216 |
| Professional services | - | 21,073 | 1,613 | 22,686 |
| Insurance | - | 1,889 | - | 1,889 |
| Dues, meeting fees, and subscriptions | - | 1,358 | - | 1,358 |
| Printing and design | 208 | 8,133 | 4,505 | 12,846 |
| Postage | 366 | 1,331 | 5,331 | 7,028 |
| Supplies & equipment | - | 982 | 1,408 | 2,390 |
| Staff development | 150 | 1,093 | 25 | 1,268 |
| Bank fees | - | 2,793 | - | 2,793 |
| Events & meetings | 105 | 924 | 8,277 | 9,306 |
| Uncollectible pledges | - | 3,831 | - | 3,831 |
| In-kind materials and services | - | - | 8,622 | 8,622 |
| Tompkins County Public Library support | 781,203 | - | - | 781,203 |
| TOTAL EXPENSES BEFORE DEPRECIATION | 797,669 | 100,342 | 118,213 | 1,016,224 |
| Depreciation | - | 232 | - | 232 |
| TOTAL FUNCTIONAL EXPENSES | \$ 797,669 | \$ 100,574 | \$ 118,213 | \$ 1,016,456 |

See accompanying notes.

**TOMPKINS COUNTY PUBLIC LIBRARY FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31,**

| | 2018 | 2017 |
|---|---------------|---------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets | \$ (163,019) | \$ (399,394) |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Gain on sale of investments | (48,948) | (53,457) |
| Unrealized loss (gain) on fair value of investments | 201,950 | (180,553) |
| Depreciation expense | 1,395 | 232 |
| Donation of stock | - | (12,228) |
| Decrease (increase) in assets: | | |
| Due from Tompkins County Public Library | 3,487 | (3,058) |
| Unconditional promises to give | 67,591 | 274,093 |
| Increase (decrease) in liabilities: | | |
| Due to Tompkins County Public Library | 9,011 | (99,941) |
| Accounts payable and accrued liabilities | 2,577 | (8,173) |
| Total adjustments | 237,063 | (83,085) |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | 74,044 | (482,479) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Proceeds from sale of investments | 478,026 | 643,473 |
| Purchase of investments | (472,323) | (870,340) |
| Purchase of property | - | (9,763) |
| NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES | 5,703 | (236,630) |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 79,747 | (719,109) |
| CASH AND CASH EQUIVALENTS, beginning of year | 850,208 | 1,569,317 |
| CASH AND CASH EQUIVALENTS, end of year | \$ 929,955 | \$ 850,208 |
| NON-CASH INVESTING ACTIVITIES: | | |
| Donation of services | \$ - | \$ - |
| Donation of materials and supplies | - | - |

See accompanying notes.

TOMPKINS COUNTY PUBLIC LIBRARY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

A. Summary of Significant Accounting Policies

The Organization

Tompkins County Public Library Foundation, Inc. (the Foundation), reported as a component of Tompkins County Public Library, located in Ithaca, New York, has been established to provide support for Tompkins County Public Library. This support includes financial support from annual fundraising campaigns and other sources, including other foundations, businesses and organizations.

Basis of Accounting

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

Basis of Presentation

The Foundation reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

The governing board has designated, from net assets without donor restrictions a board-designated endowment. Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates that resources be maintained in perpetuity.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Foundation, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

The Foundation's unspent contributions are reported in net assets with donor contributions if the donor limited their use, as are promised contributions that are not yet due. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

The Foundation's donor-restricted endowment funds, including the unspent appreciation of the endowment fund and the portion of the Foundation's donor-restricted endowment

funds that the Foundation is committed to maintaining in perpetuity are classified in net assets with donor restrictions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Income Taxes

The Foundation is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Foundation qualifies for the charitable contribution under Section 170(b) (1) (A) and has been classified as a foundation that is not a private foundation under Section 509(a) (2).

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.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Investments

The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statements of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statements of Activities.

Furniture and Equipment

The Foundation capitalizes all furniture and equipment in excess of \$2,500. Purchased furniture and equipment are carried at cost. Donated furniture and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributions

The Foundation accounts for contributions in accordance with the recommendations of the FASB ASC 958. In accordance with FASB ASC 958, contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions.

Donated Services

Donated services are recognized as contributions in accordance with FASB ASC 958, "Accounting for Contributions Received and Contributions Made," if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Volunteers provide fundraising services throughout the year that are not recognized as contributions in the financial statements, as the recognition criteria under FASB ASC 958 were not met.

Statements of Functional Expenses

The Statements of Functional Expenses show a breakdown by categories of program services, management and general, and fundraising. Management and general activities include general oversight, business management, general record keeping, budgeting, finance and other management and administrative activities. Program services include the activities and funds expended to assist Tompkins County Public Library in fulfilling its mission. Fundraising activities include publicizing and conducting fundraising campaigns, maintaining donor mailing lists, conducting special fundraising events, and preparing and distributing activities involved in solicitation of contributions from individuals, foundations, government agencies, etc.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

B. Adoption of New Accounting Pronouncement

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958)—Presentation of Financial Statements of Not-for-Profit Entities*. The ASU addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied

retrospectively to all periods presented with no effect on net assets without donor restrictions and net asset with donor restrictions.

C. Restricted Cash

Noncurrent restricted cash and cash equivalents consist of cash and cash equivalents in investment accounts of \$36,913 and \$37,808 at December 31, 2018 and 2017, respectively.

D. Concentration of Credit Risk

The Foundation maintains its cash balances in a local financial institution. From time to time, the Foundation may have bank deposits in excess of the Federal Deposit Insurance Corporation insurance limits.

Investments, which consist of money funds, stock funds and bond funds, are not insured by the Federal Deposit Insurance Corporation and involve investment risk, including possible loss of principal.

At December 31, 2018 and 2017, the Foundation had uninsured cash balances in investment accounts of \$36,913 and \$37,808, respectively.

E. Investments

Investments, stated at fair value, consist of mutual funds and securities as follows at December 31,:

| | 2018 | | |
|-----------------------------|--------------|--------------|----------------------------|
| | Cost | Fair Value | Unrealized Depreciation |
| Mutual funds and securities | \$ 2,022,091 | \$ 2,015,952 | \$ (6,139) |
| | 2017 | | |
| | Cost | Fair Value | Unrealized Appreciation |
| Mutual funds and securities | \$ 1,979,836 | \$ 2,174,657 | \$ 194,821 |

Market Risk

Future changes in market prices may make a financial instrument less valuable. Ownership interest is subject to the risk of loss from a decrease in value due to interest rate fluctuations that may result in a decline that is other than temporary.

Investment returns are as follows for the years ended December 31,

| | 2018 | 2017 |
|--------------------------------------|----------------------|-------------------|
| Interest | \$ 4,395 | \$ 7,858 |
| Dividends, net | 35,494 | 29,614 |
| Realized gain on sale of investments | 48,948 | 53,457 |
| Unrealized (loss) gain on fair value | (201,950) | 180,553 |
| Total | <u>\$ (113,113)</u> | <u>\$ 271,482</u> |

F. Fair Value Measurements

FASB ASC 820, "Fair Value Measurements and Disclosures" establishes a framework for measuring fair value. That framework establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 Measurements) and the lowest priority to unobservable inputs (Level 3 Measurements). The three levels of the fair value hierarchy under FASB ASC 820 are as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets the Foundation has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following tables set forth by level, within the fair value hierarchy, the Foundation's assets at fair value at December 31,

| | 2018 | | | |
|---|---------------------|-------------|-------------|---------------------|
| ASSETS: | Level 1 | Level 2 | Level 3 | Total |
| Fixed Income Funds | \$ 611,803 | \$ - | \$ - | \$ 611,803 |
| Domestic Equity Mutual Funds | 873,500 | - | - | 873,500 |
| Domestic Closed End Equity Mutual Funds | 155,791 | - | - | 155,791 |
| International Equity Mutual Funds | 149,934 | - | - | 149,934 |
| International Closed End Equity Mutual Funds | 224,924 | - | - | 224,924 |
| TOTAL ASSETS AT FAIR VALUE | \$ 2,015,952 | \$ - | \$ - | \$ 2,015,952 |

| | 2017 | | | |
|---|---------------------|-------------|-------------|---------------------|
| ASSETS: | Level 1 | Level 2 | Level 3 | Total |
| Fixed Income Funds | \$ 592,544 | \$ - | \$ - | \$ 592,544 |
| Domestic Equity Mutual Funds | 362,852 | - | - | 362,852 |
| Domestic Closed End Equity Mutual Funds | 728,279 | - | - | 728,279 |
| International Equity Mutual Funds | 260,411 | - | - | 260,411 |
| International Closed End Equity Mutual Funds | 230,571 | - | - | 230,571 |
| TOTAL ASSETS AT FAIR VALUE | \$ 2,174,657 | \$ - | \$ - | \$ 2,174,657 |

G. Promises to Give

Unconditional promises to give at December 31, 2018 and 2017 consist of funds committed by various donors. These funds are expected to be received as follows:

| | 2018 | 2017 |
|--|-----------|------------|
| Receivable less than one year | \$ 94,050 | \$ 116,111 |
| Receivable in one to five years | - | 50,425 |
| Total unconditional promises to give | 94,050 | 166,536 |
| Less: | | |
| Allowance for unfulfilled pledges | - | 2,000 |
| Discount to net present value | - | 2,895 |
| Net unconditional promises to give | 94,050 | 161,641 |
| Less: | | |
| Receivable in less than one year, net of allowance | 94,050 | 114,111 |
| Long-term unconditional promises to give | \$ - | \$ 47,530 |

Unconditional promises to give in more than one year are discounted at 3%.

H. Endowment

In August 2008, FASB Staff Position FAS 117-1, "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the UPMIFA (Uniform Prudent Management of Institutional Funds Act of 2006), and Enhanced Disclosures for All Endowment Funds" was issued.

Interpretation of Relevant Law

In accordance with the New York Prudent Management of Institutional Funds Act of 2010, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the funds
2. Purposes of the Foundation and the donor-restricted endowment funds
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from income and appreciation of investments
6. Other resources of the Foundation
7. Investment policies of the Foundation

Funds with Deficiencies

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level required to remain as a fund of perpetual duration.

Return Objectives and Risk Parameters

The Foundation's Board of Directors has adopted an investment and spending policy for endowment assets which has as its objective to provide on-going program support, while protecting the endowment against inflation. The objective of the Foundation is to maximize total return (interest and dividend income, plus capital appreciation, minus investment fees), by utilizing a diversified portfolio to minimize overall risk. Annually, a portion of the total investment return will be spent and the remainder will be reinvested with the goal of preserving and growing the endowment over time. It is the Finance Committee's responsibility to monitor endowment performance.

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 Foundation targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy to forecast spending annually at 4% of the 19-quarter average (last quarter ending September 30, 2017) of the endowment's total asset value, with the understanding that this spending rate plus inflation will not normally exceed

total real return (return net of inflation) from investments. For the year ended December 31, 2018, a 4% spending rate was used.

Investment gains/losses are considered temporary, and the Foundation's Board of Directors is actively monitoring investment activities so as to continue responding in a prudent fashion.

The Foundation has 22 individual donor-restricted and two Board-restricted endowment funds. The net assets associated with them have been classified as follows:

Assets with donor restrictions - the original value of gifts donated to the permanent endowment by explicit donor stipulation and unappropriated related investment gains.

Board Designated - Board designated additions to endowment funds and unappropriated related investment gains.

The following table sets forth the Foundation's endowment net asset composition by type of fund as of December 31:

| | 2018 | | |
|---------------------------------------|---|--|---------------------|
| | Net assets without donor restrictions | Net assets with donor restrictions | Total |
| Endowment net assets, Jan 1, | \$ 50,223 | \$ 988,029 | \$ 1,038,252 |
| Investment income | (3,318) | (61,558) | (64,876) |
| Support | - | 11,001 | 11,001 |
| Amounts appropriated for expenditures | (2,062) | (41,207) | (43,269) |
| Net assets, December 31, | <u>\$ 44,843</u> | <u>\$ 896,265</u> | <u>\$ 941,108</u> |
| | 2017 | | |
| | Net assets without donor restrictions | Net assets with donor restrictions | Total |
| Endowment net assets, Jan 1, | \$ 44,189 | \$ 869,338 | \$ 913,527 |
| Investment income | 7,096 | 139,594 | 146,690 |
| Support | 759 | 14,924 | 15,683 |
| Amounts appropriated for expenditures | (1,821) | (35,827) | (37,648) |
| Net assets, December 31, | <u>\$ 50,223</u> | <u>\$ 988,029</u> | <u>\$ 1,038,252</u> |

I. Net Assets without Donor Restrictions

Net assets without donor restrictions are classified as follows at December 31,

| | 2018 | 2017 |
|---|---------------------|---------------------|
| Board designated | \$ 44,843 | \$ 50,222 |
| Undesignated | 1,963,152 | 2,061,572 |
| Total net assets without donor restrictions | <u>\$ 2,007,995</u> | <u>\$ 2,111,794</u> |

The Foundation has two types of net assets without donor restrictions: Board designated funds and undesignated funds. The Foundation's policy states funds be added to or subtracted from its endowment, depending on earnings generated from separate investment accounts and annual appropriations for expenditures.

J. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purpose or periods:

| | <u>2018</u> | <u>2017</u> |
|---|-------------------|---------------------|
| Grants to Tompkins County Public Library | \$ 59,933 | \$ 1,567 |
| Promises to give, without donor restrictions but which are unavailable for expenditures until due | 36,350 | 62,172 |
| Endowments | <u>896,265</u> | <u>988,029</u> |
| Total net assets with donor restrictions | <u>\$ 992,548</u> | <u>\$ 1,051,768</u> |

K. Liquidity and Availability of Resources

The following reflects the Foundation's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions:

| | <u>2018</u> | <u>2017</u> |
|--|---------------------|---------------------|
| Financial assets | \$ 3,039,957 | \$ 3,189,993 |
| Less: those unavailable for general expenditures within one year, due to: | | |
| Promises to give not collectible within one year | - | 47,530 |
| Board-designated to maintain as an endowment | 44,843 | 50,222 |
| Donor-restricted to maintain as an endowment | 896,265 | 988,029 |
| Financial assets available to meet cash needs for general expenditure within one year | <u>\$ 2,098,849</u> | <u>\$ 2,104,212</u> |

The Foundation manages its liquid resources based on budgeted operating needs, and in typical years seeks to maintain a \$25,000 ceiling on funds in the operating cash account.

L. Related Parties

The sole mission of the Foundation is to raise and steward funds to benefit Tompkins County Public Library.

The Foundation donated \$56,261 and \$50,000 to Tompkins County Public Library for the years ended December 31, 2018 and 2017, respectively. The Foundation also contributed endowment earnings of \$43,269 and \$37,648 and donated \$26,474 and \$43,555 in funds designated for the Library by the original donor. In addition, in-kind contributions of materials of \$2,440 and \$8,622 were donated to the Library for the years ended December 31, 2018 and 2017, respectively.

M. Fundraising Expense

Total fundraising expense for the years ended December 31, 2018 and 2017 was \$117,515 and \$118,213 respectively, or 35% of the total contribution revenue for the years ended December 31, 2018 and 2017. The ratio of expenses to amounts raised is computed using actual expenses and related contributions on an accrual basis.

N. Correction of Error

The Foundation has restated its 2017 financial statements to correct an error and record accumulated gains on permanent endowment in assets with donor restrictions instead of Board designated net assets.

The following is a summary of the restatement for 2017:

| | <u>2017</u> |
|--|--------------------|
| Increase in previously reported ending net assets with donor restriction | \$ 282,283 |
| Decrease in previously reported ending net assets without donor restriction | <u>(282,283)</u> |
| Total increase in net assets | <u><u>\$ -</u></u> |

O. Subsequent Events

The Foundation has evaluated events and transactions for potential recognition or disclosure in the financial statements occurring through August 28, 2019, the date the financial statements were available to be issued.