

**CATTARAUGUS REGION
COMMUNITY FOUNDATION**

**REPORT ON AUDITED
FINANCIAL STATEMENTS**

**YEARS ENDED
DECEMBER 31, 2021 AND 2020**

CATTARAUGUS REGION COMMUNITY FOUNDATION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Cattaraugus Region Community Foundation
Olean, New York

Opinion

We have audited the accompanying financial statements of ***Cattaraugus Region Community Foundation***, which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ***Cattaraugus Region Community Foundation*** as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ***Cattaraugus Region Community Foundation*** and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ***Cattaraugus Region Community Foundation's*** ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 ***Cattaraugus Region Community Foundation's*** internal control. Accordingly, no such opinion is expressed.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about *Cattaraugus Region Community Foundation's* ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
May 18, 2022**

**CATTARAUGUS REGION COMMUNITY FOUNDATION
STATEMENTS OF FINANCIAL POSITION**

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<i>As of December 31,</i>	2021	2020
Assets		
Current		
Cash and cash equivalents	\$ 744,336	\$ 583,926
Current portion of pledge receivables	3,000	3,000
Prepaid expense	8,378	4,208
Total current assets	755,714	591,134
Investments	30,574,192	25,359,038
Property and equipment, net	249	592
	\$ 31,330,155	\$ 25,950,764
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 9,278	\$ 9,807
Paycheck Protection Program loan	-	46,460
Total current liabilities	9,278	56,267
Funds held for Agencies	5,233,489	3,951,118
Total liabilities	5,242,767	4,007,385
Net assets without donor restrictions		
Endowment	22,725,895	19,356,736
Non-endowed	1,859,171	1,267,264
Operations/administration	1,502,322	1,319,379
Total net assets without donor restrictions	26,087,388	21,943,379
	\$ 31,330,155	\$ 25,950,764

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

CATTARAUGUS REGION COMMUNITY FOUNDATION
STATEMENTS OF ACTIVITIES

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<i>Years ended December 31,</i>	2021	2020
Support and Revenue		
Gifts, donations and other revenue	\$ 3,178,392	\$ 1,511,216
Unrealized gains	1,354,165	1,660,912
Realized gains (losses) on sale of investments	894,725	(97,923)
Interest and dividends, net of fees	347,684	479,898
Administrative fees	57,904	46,426
Total support and revenue	5,832,870	3,600,529
Expenses		
Program service	1,402,377	1,254,709
Management and general	246,587	229,950
Fundraising	39,897	36,529
Total expenses	1,688,861	1,521,188
Change in net assets without donor restrictions	4,144,009	2,079,341
Net assets without donor restrictions, at beginning of year	21,943,379	19,864,038
Net assets without donor restrictions, at end of year	\$ 26,087,388	\$ 21,943,379

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

CATTARAUGUS REGION COMMUNITY FOUNDATION
STATEMENTS OF CASH FLOWS

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Years ended December 31,	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 4,144,009	\$ 2,079,341
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	343	575
Unrealized gains on investments	(1,354,165)	(1,660,912)
Realized gains (losses) on investments	(894,725)	97,923
Forgiveness of Paycheck Protection Program loan	(46,460)	--
(Increase) decrease in:		
Pledge receivables	--	3,377
Prepaid expense	(4,170)	938
Increase (decrease) in:		
Funds held for Agencies	1,282,371	485,429
Accounts payable and accrued expenses	(529)	1,681
Net cash provided by operating activities	3,126,674	1,008,352
Cash flows from investing activities		
Sale of investments	5,587,097	7,347,483
Purchase of investments, including reinvested dividends	(8,553,361)	(8,351,020)
Net cash used in investing activities	(2,966,264)	(1,003,537)
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program loan	--	46,460
Net cash provided by financing activities	--	46,460
Net change in cash	160,410	51,275
Cash and cash equivalents, at beginning of year	583,926	532,651
Cash and cash equivalents, at end of year	\$ 744,336	\$ 583,926

CATTARAUGUS REGION COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

Nature of Operations

Cattaraugus Region Community Foundation (the Foundation), an affiliated organization of the Greater Olean Area Chamber of Commerce, was formed on September 20, 1994. The Foundation was formed to solicit, receive, and maintain endowment funds for the benefit of charitable endeavors in the greater Olean, New York area. In addition, the organization is exempt from New York State income tax. On March 1, 2006, the Foundation filed an Assumed Name Certificate and began conducting business as **Cattaraugus Region Community Foundation**.

Basis of Accounting

The financial statements of **Cattaraugus Region 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 two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The Foundation does not have any assets that would be considered net assets with donor restrictions.

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 net assets without donor restrictions. 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 5, are reported as revenues without donor restrictions. Accordingly, the Foundation's financial statements classify substantially all funds, including the corpus of endowment funds, as net assets without donor restrictions, 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.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current presentation.

Fund Accounting

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

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES
(CONTINUED)

Contributions

Gifts of cash and other assets received are reported as revenue and net assets without donor restrictions. All unconditional 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 revenues and net assets without donor restrictions. 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 net assets without donor restrictions when approved by the Board of Directors.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Foundation considers all cash in operating bank accounts, cash on hand and cash in money market accounts and certificates of deposit to be cash and cash equivalents.

Advertising Costs

Advertising costs are expensed as incurred and totaled \$8,766 and \$8,271 for the years ended December 31, 2021 and 2020, respectively.

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.

Net Assets Without Donor Restrictions

Net assets without donor restrictions of the Foundation are segregated based on the type of fund the donor agrees to and are defined on the next page as:

CATTARAUGUS REGION COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Net Assets Without Donor Restrictions (continued)

Endowed Fund – An endowed fund is expected to last in perpetuity. The Foundation requires a deposit of \$5,000 within three years of the start of the fund and it must have a balance of at least \$5,000 in order 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 relatively short period of time.

Operations/administration – Net assets for the operation/administration of the Foundation which includes the Board restricted operating endowment. The Board can remove the restriction on this endowment fund at any time.

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Office equipment and furnishings	\$ 41,022	\$ 41,022
Less accumulated depreciation	<u>(40,773)</u>	<u>(40,430)</u>
	<u>\$ 249</u>	<u>\$ 592</u>

Depreciation expense amounted to \$343 and \$575 for the years ended December 31, 2021 and 2020, respectively.

NOTE 3 – PLEDGE RECEIVABLES

As of December 31, 2021 and 2020, the Foundation had pledge receivables outstanding in the amount of \$3,000 and \$3,000, respectively. Management expects these pledge receivables to be collected in full during 2022.

NOTE 4 - INVESTMENTS

The Foundation maintains its investments in one Financial Institution located in Olean, New York. Investments are presented in the financial statements in the aggregate at fair market value.

As of December 31:

	<u>2021</u>	<u>2020</u>
Morgan Stanley Wealth Management Portfolio	<u>\$ 30,574,192</u>	<u>\$ 25,359,038</u>

Sales of investments resulted in net realized gains (losses) of \$894,725 and \$(97,923) for the years ended December 31, 2021 and 2020, 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.

NOTE 4 – INVESTMENTS (CONTINUED)

Return on investments is as follows for the years ended:

	<u>2021</u>	<u>2020</u>
Realized gains (losses)	\$ 894,725	\$ (97,923)
Unrealized gains	1,354,165	1,660,912
Interest and dividends, net of fees	<u>347,684</u>	<u>479,898</u>
Return on investment	<u>\$ 2,596,574</u>	<u>\$ 2,042,887</u>

As of December 31, 2021 there were 13 funds, including agency funds, whose combined market value of \$69,000 was below their historic cost value of \$91,000 totaling approximately \$22,000.

As of December 31, 2020, there were 13 funds whose combined market value of \$209,000 was below their historic cost value of \$241,000 totaling approximately \$32,000.

NOTE 5 - 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 (NPO) that is specified by the donor. This Topic specifically requires that if the donor is a NPO that established a fund at the Foundation using its own funds and for its own benefit, the Foundation must account for such assets as a liability. The Foundation refers to these 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 with the Topic, a liability has been established for the fair value of the funds, which is generally equivalent to the present value of future payments expected to be made to the NPO.

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, 2021, the Foundation has 102 Agency Funds. The total amount held for these funds as of December 31, 2021 and 2020 was \$5,233,489 and \$3,951,118, respectively.

The Foundation has also established funds to record gifts directly from individuals and third parties for the benefit of specific Agency Funds. In accordance with FASB Topic 958-605-25, these funds are segregated and reported separately as net assets on the Foundation's financial statements.

CATTARAUGUS REGION COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 5 - FUNDS HELD FOR AGENCIES (CONTINUED)

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

	2021	2020
Additions:		
Additions to funds held for agencies	\$ 1,269,259	\$ 410,510
Unrealized gain	219,923	276,620
Realized gain (loss)	171,650	(17,299)
Interest & dividends, net	96,477	84,322
Total additions	1,757,309	754,153
Expenditures:		
Grants to others	417,034	222,298
Administrative fees	57,904	46,426
Total expenditures	474,938	268,724
Net change:	\$ 1,282,371	\$ 485,429

NOTE 6 – PAYCHECK PROTECTION PROGRAM

In response to the coronavirus (COVID-19) outbreak in 2020, the U.S. Federal Government enacted the Coronavirus Aid, Relief, and Economic Security Act that, among other economic stimulus measures, established the Paycheck Protection Program (PPP) to provide small business loans to provide relief to organizations experiencing temporary loss of revenue due to COVID-19.

In April 2020, the Foundation obtained a PPP loan for \$46,460, which is included in the Foundation's statement of financial position as of December 31, 2020. The Foundation used all of the proceeds from the note for qualifying expenses and received approval from the Small Business Administration (SBA) for the loan to be forgiven on February 22, 2021. The Foundation recognized a gain on forgiveness of the loan in accordance with ASC 470, during the year ended December 31, 2021 which is included in gifts, donations and other revenue on the statements of activities.

NOTE 7 - FEDERAL TAX STATUS

The Foundation is a not-for-profit organization, exempt from federal 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 2018 and later years.

NOTE 8 - CONCENTRATION OF CREDIT RISKS

The Foundation maintains its cash, cash equivalents and investment balances in two financial institutions in Olean, New York. The Federal Deposit Insurance Corporation (FDIC) insures up to \$250,000 of demand deposit balances. The Foundation also has Securities Investor Protection Corporation (SIPC) coverage of its Morgan Stanley wealth management portfolio up to \$1 billion. At December 31, 2021, the Foundation's cash and investment balances were fully insured with FDIC and SIPC coverage.

NOTE 9 - 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 the New York Prudent Management of Institutional Funds Act of 2010, (NYPMIFA), the Foundation, at its discretion, has the ability to distribute endowment assets below the donor's original dollar value of the gift.

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.

CATTARAUGUS REGION COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 9 – ENDOWMENTS (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation's spending policy complies 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 1/1/2021	Effective 1/1/2020
Spending percentage:		
Grant spending	3.50-4.00%	3.50-4.00%
Administrative fees	1.00-1.50%	1.00-1.50%
Total	5.00%	5.00%
Calculation period:		
Grant spending	Trailing 16 quarters	Trailing 16 quarters
Administrative fees	Trailing 16 quarters or \$300 whichever is greater	Trailing 16 quarters or \$300 whichever is greater

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 10 – CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS BY FUND CLASSIFICATION

	Endowment Funds	Non-endowed Funds	Operations / Administration Funds	Total
Balance at December 31, 2019	\$ 17,551,277	\$ 1,093,861	\$ 1,218,900	\$ 19,864,038
Gifts, donations and other revenue	854,054	599,101	58,061	1,511,216
Net investment return	1,809,520	113,693	119,674	2,042,887
Grants to others and other expenses	(627,936)	(510,443)	(116,330)	(1,254,709)
Management, general and fundraising expenses	--	--	(266,479)	(266,479)
Administrative fee income (expense)	(240,035)	(19,092)	305,553	46,426
Transfers (to) from other funds	9,856	(9,856)	--	--
Balance at December 31, 2020	\$ 19,356,736	\$ 1,267,264	\$ 1,319,379	\$ 21,943,379

	Endowment Funds	Non-endowed Funds	Operations / Administration Funds	Total
Balance at December 31, 2020	\$ 19,356,736	\$ 1,267,264	\$ 1,319,379	\$ 21,943,379
Gifts, donations and other revenue	2,146,762	928,795	102,835	3,178,392
Net investment return	2,288,754	156,598	151,222	2,596,574
Grants to others and other expenses	(799,786)	(471,621)	(130,970)	(1,402,377)
Management, general and fundraising expenses	--	--	(286,484)	(286,484)
Administrative fee income (expense)	(267,171)	(21,865)	346,940	57,904
Transfers (to) from other funds	600	--	(600)	--
Balance at December 31, 2021	\$ 22,725,895	\$ 1,859,171	\$ 1,502,322	\$ 26,087,388

CATTARAUGUS REGION COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 11 – COMPOSITION OF NET ASSETS BY TYPE

	2021				2020			
	Endowment Funds	Non-endowed Funds	Operations / Administration		Endowment Funds	Non-endowed Funds	Operations / Administration	
			Funds	Total			Funds	Total
Without restriction	\$ 1,657,665	\$ --	\$ 1,502,322	\$ 3,159,987	\$ 1,095,700	\$ --	\$ 1,319,379	\$ 2,415,079
Donor designated	10,289,160	284,328	--	10,573,488	9,509,217	180,909	--	9,690,126
Scholarship	6,955,543	166,535	--	7,122,078	5,644,532	172,429	--	5,816,961
Field of interest	2,268,136	1,240,126	--	3,508,262	1,999,585	876,747	--	2,876,332
Donor advised	1,361,951	--	--	1,361,951	1,064,503	--	--	1,064,503
Agency/Individual Gifts	193,440	168,183	--	361,623	43,199	37,179	--	80,378
Totals	\$ 22,725,895	\$ 1,859,172	\$ 1,502,322	\$ 26,087,389	\$ 19,356,736	\$ 1,267,264	\$ 1,319,379	\$ 21,943,379

NOTE 12 - 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, 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, 2021
Cash and cash equivalents	\$ 744,336	\$ --	\$ --	\$ 744,336
Fixed income	4,389,409	--	--	4,389,409
Equities	19,953,271	--	--	19,953,271
Alternatives	6,231,512	--	--	6,231,512
Total	\$ 31,318,528	\$ --	\$ --	\$ 31,318,528

	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, 2020
Cash and cash equivalents	\$ 583,926	\$ --	\$ --	\$ 583,926
Fixed income	4,470,601	--	--	4,470,601
Equities	16,560,368	--	--	16,560,368
Alternatives	4,328,069	--	--	4,328,069
Total	\$ 25,942,964	\$ --	\$ --	\$ 25,942,964

CATTARAUGUS REGION COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 13 – FUNCTIONAL EXPENSES

Expenses consist of costs related program services, management and general and fundraising and are directly allocated to the function in which they benefit.

Year ended December 31, 2021

	Program Service	Management and General	Fundraising	Total
Grants to others and other expenses	\$ 1,322,752	\$ --	\$ --	\$ 1,322,752
Salaries and benefits	69,308	152,551	24,257	246,116
Payroll taxes	4,870	10,720	1,705	17,295
Advertising and promotion	--	5,698	3,068	8,766
Office expense	--	10,080	357	10,437
Information technology	--	27,302	--	27,302
Occupancy	5,447	12,381	1,981	19,809
Depreciation expense	--	343	--	343
Other expenses	--	25,029	7,306	32,335
Business development	--	2,483	1,223	3,706
Total expenses	\$ 1,402,377	\$ 246,587	\$ 39,897	\$ 1,688,861

Year ended December 31, 2020

	Program Service	Management and General	Fundraising	Total
Grants to others and other expenses	\$ 1,182,618	\$ --	\$ --	\$ 1,182,618
Salaries and benefits	63,387	155,524	23,935	242,846
Payroll taxes	4,810	10,588	1,684	17,082
Advertising and promotion	--	5,376	2,895	8,271
Office expense	--	7,469	203	7,672
Information technology	--	22,635	--	22,635
Occupancy	3,894	8,850	1,416	14,160
Depreciation expense	--	575	--	575
Other expenses	--	17,580	5,729	23,309
Business development	--	1,353	667	2,020
Total expenses	\$ 1,254,709	\$ 229,950	\$ 36,529	\$ 1,521,188

CATTARAUGUS REGION COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 14 - LIQUIDITY

The Foundation's financial assets available for general use within one year of the statement of financial position date consist of cash and cash equivalents and amounts due from other funds included within the Foundation's operating account and totaled approximately \$357,000 at December 31, 2021. The Foundation also has an operating endowment investment fund (approximately \$1,146,000 at December 31, 2021) which makes an annual distribution to the operating account consistent with the Foundation's spending policy. The estimated distribution to the operating account for 2022 is approximately \$50,000 which is available to meet general expenditures of the Foundation. The entire value of the fund is available for general use, however the Foundation has no plans to liquidate.

In addition, the Foundation charges administrative fees to each of its funds which are available for the general use of the Foundation. The estimated amount of administrative fees expected to be collected in 2022 and available for general use are approximately \$347,000.

Finally, investments held in an endowment and other funds managed by the Foundation are not available for general use unless written approval from donors.

NOTE 15 – FUND TRANSFERS

During the year ended December 31, 2021 one fund totaling \$600 as of January 1, 2021, was reclassified from operating to endowed. During the year-ended December 31, 2020 one fund totaling \$9,856 as of January 1, 2020, was reclassified from non-endowed to endowed.

NOTE 16 – BUILDING LEASE

During the year ended December 31, 2021, the Foundation amended the lease agreement for office space. The lease calls for monthly payments of \$1,587 and commenced June 1, 2021 and expires on May 31, 2026. Total rent expense was \$18,609 for the year ended December 31, 2021. The future rental payments are as follows:

2022	\$	19,044
2023		19,044
2024		19,044
2025		19,044
2026		<u>7,935</u>
Total	\$	<u>84,111</u>

NOTE 17 – COVID-19 PANDEMIC

In March 2020, the outbreak of COVID-19 caused by a novel strain of the coronavirus has been recognized as a pandemic by the World Health Organization, and the outbreak has become increasingly widespread in the United States. The COVID-19 outbreak has had a notable impact on general economic conditions, including but not limited to the temporary disclosures of many businesses, "shelter in place" and other governmental regulations, and reduced consumer spending due to both job losses and other effects attributable to the pandemic. The extent and impact of the pandemic on the Foundation and its future contributions, market return and operations are uncertain and cannot be reasonably estimated at this time.

As discussed in Note 6 the Foundation obtained a Paycheck Protection Program loan as a result of the pandemic.

NOTE 18 – SUBSEQUENT EVENTS

Subsequent events were evaluated by Management through May 18, 2022, which is the date the financial statements were available to be issued.