

**CATTARAUGUS REGION
COMMUNITY FOUNDATION**

**REPORT ON AUDITED
FINANCIAL STATEMENTS**

**YEARS ENDED
DECEMBER 31, 2018 AND 2017**

CATTARAUGUS REGION COMMUNITY FOUNDATION

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of **Cattaraugus Region Community Foundation**, which comprise the statements of financial position as of December 31, 2018 and 2017, 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 audits 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 **Cattaraugus Region Community Foundation** 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements the Organization adopted a new accounting pronouncement, Financial Accounting Standards Board's Accounting Standards Update No. 2016-14 - *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Olean, New York
May 17, 2019

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

<i>As of December 31,</i>	2018	2017
Assets		
Current		
Cash and cash equivalents	\$ 1,256,752	\$ 815,962
Current portion of pledge receivables	1,000	64,833
Prepaid expense	16,412	7,389
Total current assets	1,274,164	888,184
Investments	18,803,230	20,097,331
Property and equipment, net	1,742	2,318
	\$ 20,079,136	\$ 20,987,833
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 10,469	\$ 8,712
Funds held for Agencies	3,060,399	3,099,408
Total liabilities	3,070,868	3,108,120
Net assets without donor restrictions		
Endowment	15,038,093	14,701,067
Non-endowed	894,973	1,996,106
Operations/administration	1,075,202	1,182,540
Total net assets without donor restrictions	17,008,268	17,879,713
	\$ 20,079,136	\$ 20,987,833

**CATTARAUGUS REGION COMMUNITY FOUNDATION
STATEMENTS OF ACTIVITIES**

<i>Years ended December 31,</i>	2018	2017
Support and Revenue		
Gifts, donations and other revenue	\$ 1,585,696	\$ 1,169,383
Unrealized gains (losses)	(2,309,162)	1,869,512
Realized gains on sale of securities	626,758	298,049
Interest and dividends, net of fees	459,917	313,989
Administrative fees	31,769	11,402
Total support and revenue	394,978	3,662,335
Expenses		
Program service	1,012,745	1,085,850
Management and general	221,593	181,663
Fundraising	32,085	23,161
Total expenses	1,266,423	1,290,674
Change in net assets without donor restrictions	(871,445)	2,371,661
Net assets without donor restrictions, at beginning of year	17,879,713	15,508,052
Net assets without donor restrictions, at end of year	\$ 17,008,268	\$ 17,879,713

**CATTARAUGUS REGION COMMUNITY FOUNDATION
STATEMENTS OF CASH FLOWS**

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<i>Years ended December 31,</i>	2018	2017
Cash flows from operating activities		
Change in net assets	\$ (871,445)	\$ 2,371,661
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	576	576
Unrealized (gains) losses on investments	2,309,162	(1,869,512)
Realized gains on investments	(626,758)	(298,049)
(Increase) decrease in:		
Pledge receivables	63,833	66,834
Prepaid expense	(9,023)	1,157
Increase (decrease) in:		
Funds held for Agencies	(39,009)	2,456,253
Accounts payable and accrued expenses	1,757	(1,550)
Net cash provided by operating activities	829,093	2,727,370
Cash flows from investing activities		
Sale of investments	8,333,625	3,051,533
Purchase of investments, including reinvested dividends	(8,721,928)	(5,631,897)
Net cash used in investing activities	(388,303)	(2,580,364)
Net change in cash	440,790	147,006
Cash and cash equivalents, at beginning of year	815,962	668,956
Cash and cash equivalents, at end of year	\$ 1,256,752	\$ 815,962

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

CATTARAUGUS REGION COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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 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 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 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.

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 below as:

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.

CATTARAUGUS REGION COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES
(CONTINUED)

Net Assets Without Donor Restrictions (continued)

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.

New Accounting Pronouncement

During the year ended December 31, 2018, the Organization adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14 - *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). This Update 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 in investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions. A footnote on changes in net assets (Note 9), composition of net assets (Note 10), functional expenses (Note 12) and liquidity (Note 13) have also been added.

The accompanying summarized information from the 2017 financial statements has been restated to conform to the 2018 presentation and disclosure requirements of ASU 2016-14.

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2018</u>	<u>2017</u>
Office equipment and furnishings	\$ 41,022	\$ 41,022
Less accumulated depreciation	(39,280)	(38,704)
	<u>\$ 1,742</u>	<u>\$ 2,318</u>

Depreciation expense amounted to \$576 and \$576 for the years ended December 31, 2018 and 2017, respectively.

NOTE 3 - PLEDGE RECEIVABLES

As of December 31, 2018 and 2017, the Foundation had pledge receivables outstanding in the amount of \$1,000 and \$64,833, respectively. Management expects these pledge receivables to be collected in full during 2019.

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>2017</u>	<u>2018</u>
Morgan Stanley Wealth Management Portfolio	\$ 20,097,331	\$ 18,803,230

Sales of investments resulted in net realized gains of \$626,758 and \$298,049 for the years ended December 31, 2018 and 2017, 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 is as follows for the years ended:

	<u>2018</u>	<u>2017</u>
Realized gains	\$ 626,758	\$ 298,049
Unrealized gains (losses)	(2,309,162)	1,869,512
Interest and dividends, net of fees	459,917	313,989
Return on investment	<u>\$ (1,222,487)</u>	<u>\$ 2,481,550</u>

As of December 31, 2018 there were 51 funds, including agency funds, whose combined market value of \$11,064,000 was below their historic cost value of \$11,483,000 totaling approximately \$419,000.

As of December 31, 2017, there were 9 funds whose combined market value of \$270,000 was below their historic cost value of \$321,000 totaling approximately \$51,000.

CATTARAUGUS REGION COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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, 2018, the Foundation has 76 Agency type funds. The total amount held for these funds as of December 31, 2018 and 2017 was \$3,060,399 and \$3,099,048, respectively.

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

	2018	2017
Additions:		
Additions to funds held for agencies	\$ 393,042	\$ 2,449,557
Unrealized gain (loss)	(420,145)	85,164
Gain on sale of securities	109,250	14,624
Interest & dividends, net	87,554	15,612
Total additions	169,701	2,564,957
Expenditures:		
Grants to others	176,941	97,302
Administrative fees	31,769	11,402
Total expenditures	208,710	108,704
Net change:	\$ (39,009)	\$ 2,456,253

NOTE 6 - 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 2015 and later years.

NOTE 7 - 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, 2018, the Organization's cash and investment balances were fully insured with FDIC and SIPC coverage.

NOTE 8 - 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, 2018 AND 2017

NOTE 8 – 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 1/1/2018	Effective 1/1/2017
Spending percentage:		
Grant spending	3.50-4.00%	3.50%
Administrative fees	1.00-1.50%	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 9 – CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS BY FUND CLASSIFICATION

	Endowment Funds	Non-endowed Funds	Operations / Administration Funds	Total
Balance at December 31, 2016	\$ 12,633,270	\$ 1,844,488	\$ 1,030,294	\$ 15,508,052
Gifts, donations and other revenue	765,713	336,909	66,761	1,169,383
Net investment return	2,083,090	245,453	153,007	2,481,550
Grants to others and other expenses	(595,758)	(393,209)	(45,685)	(1,034,652)
Management and general expenses	--	--	(256,022)	(256,022)
Administrative fee income (expense)	(193,223)	(29,560)	234,185	11,402
Transfers (to) from other funds	7,975	(7,975)	--	--
Balance at December 31, 2017	\$ 14,701,067	\$ 1,996,106	\$ 1,182,540	\$ 17,879,713

	Endowment Funds	Non-endowed Funds	Operations / Administration Funds	Total
Balance at December 31, 2017	\$ 14,701,067	\$ 1,996,106	\$ 1,182,540	\$ 17,879,713
Gifts, donations and other revenue	1,195,199	306,743	83,754	1,585,696
Net investment return	(1,097,992)	(51,014)	(73,481)	(1,222,487)
Grants to others and other expenses	(574,194)	(314,024)	(56,850)	(945,068)
Management and general expenses	--	--	(321,355)	(321,355)
Administrative fee income (expense)	(212,169)	(16,656)	260,594	31,769
Transfers (to) from other funds	1,026,182	(1,026,182)	--	--
Balance at December 31, 2018	\$ 15,038,093	\$ 894,973	\$ 1,075,202	\$ 17,008,268

CATTARAUGUS REGION COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 10 – COMPOSITION OF NET ASSETS BY TYPE

	2018				2017			
	Endowment	Non-endowed	Operations / Administration	Total	Endowment	Non-endowed	Operations / Administration	Total
	Funds	Funds	Funds		Funds	Funds	Funds	
Without restriction	\$ 905,659	\$ --	\$ 1,075,202	\$ 1,980,861	\$ 1,007,727	\$ --	\$ 1,182,540	\$ 2,190,267
Donor designated	8,049,567	120,925	--	8,170,492	8,849,394	149,159	--	8,998,553
Scholarship	3,922,177	165,633	--	4,087,810	3,175,520	1,194,821	--	4,370,341
Field of interest	1,212,125	608,415	--	1,820,540	1,187,408	652,126	--	1,839,534
Donor advised	948,565	--	--	948,565	481,018	--	--	481,018
Totals	\$ 15,038,093	\$ 894,973	\$ 1,075,202	\$ 17,008,268	\$ 14,701,067	\$ 1,996,106	\$ 1,182,540	\$ 17,879,713

NOTE 11 - 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, 2018
Cash and cash equivalents	\$ 1,256,752	\$ --	\$ --	\$ 1,256,752
Fixed income	6,542,819	--	--	6,542,819
Equities	10,910,481	--	--	10,910,481
Alternatives	1,349,930	--	--	1,349,930
Total	\$ 20,059,982	\$ --	\$ --	\$ 20,059,982

	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, 2017
Cash and cash equivalents	\$ 815,962	\$ --	\$ --	\$ 815,962
Fixed income	6,288,036	--	--	6,288,036
Equities	12,727,941	--	--	12,727,941
Alternatives	1,081,354	--	--	1,081,354
Total	\$ 20,913,293	\$ --	\$ --	\$ 20,913,293

CATTARAUGUS REGION COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 12 – 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, 2018

	Program Service	Management and General	Fundraising	Total
Grants to others and other expenses	\$ 945,068	\$ --	\$ --	\$ 945,068
Salaries and benefits	59,789	131,598	20,925	212,312
Payroll taxes	4,159	9,154	1,455	14,768
Advertising and promotion	--	6,361	3,425	9,786
Office expense	--	16,703	278	16,981
Information technology	--	24,801	--	24,801
Occupancy	3,729	8,475	1,356	13,560
Depreciation expense	--	576	--	576
Contractual expense	--	5,639	--	5,639
Other expenses	--	13,350	2,214	15,564
Business development	--	4,936	2,432	7,368
Total expenses	<u>\$ 1,012,745</u>	<u>\$ 221,593</u>	<u>\$ 32,085</u>	<u>\$ 1,266,423</u>

Year ended December 31, 2017

	Program Service	Management and General	Fundraising	Total
Grants to others and other expenses	\$ 1,034,652	\$ --	\$ --	\$ 1,034,652
Salaries and benefits	44,277	98,042	15,813	158,132
Payroll taxes	3,192	7,069	1,140	11,401
Advertising and promotion	--	1,618	872	2,490
Office expense	--	16,953	286	17,239
Information technology	--	8,059	--	8,059
Occupancy	3,729	8,475	1,356	13,560
Depreciation expense	--	576	--	576
Contractual expense	--	22,666	--	22,666
Other expenses	--	14,319	1,780	16,099
Business development	--	3,886	1,914	5,800
Total expenses	<u>\$ 1,085,850</u>	<u>\$ 181,663</u>	<u>\$ 23,161</u>	<u>\$ 1,290,674</u>

CATTARAUGUS REGION COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 13 - LIQUIDITY

The Foundation's financial assets available for general use within one year of the balance sheet date consist of cash and cash equivalents and amounts due from other funds included within the Foundation's operating account and totaled approximately \$160,000 at December 31, 2018. The Foundation also has an operating endowment investment fund (approximately \$975,000 at December 31, 2018) which makes an annual distribution to the operating account consistent with the Foundation's spending policy. The estimated distribution to the operating account for 2019 is approximately \$40,000 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 2019 and available for general use are approximately \$240,000.

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

NOTE 14 – FUND TRANSFERS

During the year-ended December 31, 2018 two funds totaling \$1,026,182 as of January 1, 2018, were reclassified from non-endowed to endowed. During the year-ended December 31, 2017 one fund totaling \$7,975 as of January 1, 2017, was reclassified from non-endowed to endowed.

NOTE 15 – BUILDING LEASE

During the year-ended December 31, 2016, the Foundation entered into a five year lease agreement for office space. The lease calls for monthly payments of \$1,050 and expires on May 1, 2021.

NOTE 16 – SUBSEQUENT EVENTS

Subsequent events were evaluated by Management through May 17, 2019, which is the date the financial statements were available to be issued.