



Financial Statements

December 31, 2015

# The Community Foundation for the Capital Region, Inc.

Financial Statements

December 31, 2015

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## Independent Auditor's Report

Board of Directors  
The Community Foundation for the  
Greater Capital Region, Inc.  
Albany, New York

### Report on the Financial Statements

We have audited the accompanying financial statements of The Community Foundation for the Greater Capital Region, Inc. (a New York not-for-profit corporation), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 reasonable basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Community Foundation for the Greater Capital Region, Inc. as of December 31, 2015, and the change in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

**Other Matters**

*Report on Summarized Comparative Information*

We have previously audited The Community Foundation for the Greater Capital Region, Inc. as of and for the year ended December 31, 2014, and we expressed an unmodified opinion on those statements in our report dated May 6, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information on pages 3 and 4 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

SaxBST LLP

Albany, New York  
May 11, 2016

# The Community Foundation for the Greater Capital Region, Inc.

## Statement of Financial Position

	December 31, 2015 (comparative totals for 2014)			
	<u>Supplementary Information</u>			
	<u>Managed for the Benefit of the Foundation</u>	<u>Managed on Behalf of Donors</u>	<u>2015 Totals</u>	<u>2014 Totals</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 100	\$ 1,898,867	\$ 1,898,967	\$ 1,914,732
Investments	4,013,995	55,118,057	59,132,052	60,925,168
Promises of gifts	-	903,430	903,430	88,050
Contributions receivable from				
Charitable remainder trusts	14,931	406,432	421,363	28,685
Pooled income fund	-	35,948	35,948	29,675
Other receivables	-	-	-	6,359
Prepaid expenses	11,855	-	11,855	13,191
Property and equipment, net	11,152	-	11,152	13,143
Assets held in charitable remainder trusts	-	673,869	673,869	1,152,827
Assets reserved under charitable gift annuity agreements	464,521	-	464,521	610,997
Cash surrender value of life insurance	-	259,306	259,306	266,038
	<u>-</u>	<u>259,306</u>	<u>259,306</u>	<u>266,038</u>
<b>Total assets</b>	<b><u>\$ 4,516,554</u></b>	<b><u>\$ 59,295,909</u></b>	<b><u>\$ 63,812,463</u></b>	<b><u>\$ 65,048,865</u></b>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 30,581	\$ 873,006	\$ 903,587	\$ 19,917
Grants payable	-	222,225	222,225	343,380
Liability under charitable remainder trust agreements	-	125,588	125,588	497,405
Liability under charitable gift annuity agreements	315,527	-	315,527	380,468
Funds held as Agency endowments	-	2,530,283	2,530,283	2,672,167
	<u>-</u>	<u>2,530,283</u>	<u>2,530,283</u>	<u>2,672,167</u>
	<u>346,108</u>	<u>3,751,102</u>	<u>4,097,210</u>	<u>3,913,337</u>
<b>COMMITMENTS AND CONTINGENCIES</b>				
<b>NET ASSETS</b>				
Unrestricted				
Designated				
Board designated, donor-advised	-	26,817,989	26,817,989	26,927,951
Board designated, endowment funds	1,205,844	-	1,205,844	1,384,706
Undesignated	413,045	8,302,924	8,715,969	9,337,133
	<u>1,618,889</u>	<u>35,120,913</u>	<u>36,739,802</u>	<u>37,649,790</u>
Temporarily restricted	11,251	4,870,513	4,881,764	5,776,354
Permanently restricted	2,540,306	15,553,381	18,093,687	17,709,384
	<u>4,170,446</u>	<u>55,544,807</u>	<u>59,715,253</u>	<u>61,135,528</u>
<b>Total liabilities and net assets</b>	<b><u>\$ 4,516,554</u></b>	<b><u>\$ 59,295,909</u></b>	<b><u>63,812,463</u></b>	<b><u>\$ 65,048,865</u></b>

See accompanying Notes to Financial Statements

# The Community Foundation for the Greater Capital Region, Inc.

## Statement of Activities

Year Ended December 31, 2015  
(comparative totals for 2014)

	Unrestricted			Temporarily Restricted			Permanently Restricted			2015 Totals	2014 Totals
	Supplementary Information			Supplementary Information			Supplementary Information				
	Managed for the Benefit of the Foundation	Managed on Behalf of Donors	Total	Managed for the Benefit of the Foundation	Managed on Behalf of Donors	Total	Managed for the Benefit of the Foundation	Managed on Behalf of Donors	Total		
<b>REVENUES AND OTHER SUPPORT</b>											
Contributions	\$ 306,262	\$ 6,283,417	\$ 6,589,679	\$ -	\$ 676,294	\$ 676,294	\$ 225,278	\$ 295,578	\$ 520,856	\$ 7,786,829	\$ 3,841,733
Interest and dividends	138,802	994,775	1,133,577	-	549,070	549,070	-	-	-	1,682,647	2,471,015
Change in value of split-interest agreements	(56,561)	-	(56,561)	11,251	195,131	206,382	-	-	-	149,821	(54,506)
Management fees	528,968	(494,884)	34,084	-	-	-	-	-	-	34,084	27,079
Events	84,099	67,193	151,292	-	-	-	-	-	-	151,292	124,259
Grants	-	-	-	-	-	-	-	-	-	-	88,492
Net assets released from restrictions, satisfaction of restrictions	136,553	1,193,503	1,330,056	-	(1,193,503)	(1,193,503)	(136,553)	-	(136,553)	-	-
Total revenues and other support	<u>1,138,123</u>	<u>8,044,004</u>	<u>9,182,127</u>	<u>11,251</u>	<u>226,992</u>	<u>238,243</u>	<u>88,725</u>	<u>295,578</u>	<u>384,303</u>	<u>9,804,673</u>	<u>6,498,072</u>
<b>EXPENSES</b>											
Program services											
Programs and grants	405,515	6,233,440	6,638,955	-	-	-	-	-	-	6,638,955	4,111,657
Fund management	155,335	304,973	460,308	-	-	-	-	-	-	460,308	449,976
	<u>560,850</u>	<u>6,538,412</u>	<u>7,099,262</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,099,262</u>	<u>4,561,633</u>
Management and general	469,582	22,929	492,511	-	-	-	-	-	-	492,511	713,033
Development	74,617	335	74,952	-	-	-	-	-	-	74,952	177,903
Events	20,007	45,925	65,932	-	-	-	-	-	-	65,932	79,537
Total functional expenses	<u>1,125,056</u>	<u>6,607,600</u>	<u>7,732,656</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,732,656</u>	<u>5,532,106</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<b>13,067</b>	<b>1,436,404</b>	<b>1,449,471</b>	<b>11,251</b>	<b>226,992</b>	<b>238,243</b>	<b>88,725</b>	<b>295,578</b>	<b>384,303</b>	<b>2,072,017</b>	<b>965,966</b>
Transfers	(73,599)	73,599	-	-	-	-	-	-	-	-	-
Realized gains (losses) on investments, net	12,836	(154,078)	(141,242)	-	(69,227)	(69,227)	-	-	-	(210,469)	1,954,190
Unrealized (losses) on investments, net	(285,831)	(1,932,386)	(2,218,217)	-	(1,063,606)	(1,063,606)	-	-	-	(3,281,823)	(2,767,889)
<b>CHANGE IN NET ASSETS</b>	<b>(333,527)</b>	<b>(576,461)</b>	<b>(909,988)</b>	<b>11,251</b>	<b>(905,841)</b>	<b>(894,590)</b>	<b>88,725</b>	<b>295,578</b>	<b>384,303</b>	<b>(1,420,275)</b>	<b>152,267</b>
<b>NET ASSETS, beginning of year</b>	1,952,416	35,697,374	37,649,790	-	5,776,354	5,776,354	2,451,581	15,257,803	17,709,384	61,135,528	60,983,261
<b>NET ASSETS, end of year</b>	<b>\$ 1,618,889</b>	<b>\$ 35,120,913</b>	<b>\$ 36,739,802</b>	<b>\$ 11,251</b>	<b>\$ 4,870,513</b>	<b>\$ 4,881,764</b>	<b>\$ 2,540,306</b>	<b>\$ 15,553,381</b>	<b>\$ 18,093,687</b>	<b>\$ 59,715,253</b>	<b>\$ 61,135,528</b>

# The Community Foundation for the Greater Capital Region, Inc.

## Statement of Functional Expenses

Year Ended December 31, 2015 (comparative totals for 2014)

	<u>Programs and Grants</u>	<u>Fund Management</u>	<u>Management and General</u>	<u>Development</u>	<u>Events</u>	<u>2015 Totals</u>	<u>2014 Totals</u>
Salaries and wages	\$ 162,525	\$ 74,832	\$ 271,747	\$ 57,024	\$ -	\$ 566,128	\$ 514,475
Payroll related costs	21,976	9,432	37,418	6,264	-	75,091	67,121
Accounting and legal	-	-	41,126	-	-	41,126	48,547
Advertising	-	-	5,680	-	-	5,680	8,617
Annual report	-	-	8,900	-	-	8,900	12,673
Bank and investment related fees	5,504	358,482	3,532	-	-	367,517	399,763
Board training	-	-	-	-	-	-	48,618
Contracted services	2,731,183	-	-	-	-	2,731,183	-
Depreciation	2,117	909	3,336	603	-	6,966	6,378
Equipment leases and maintenance	10,757	4,617	16,953	3,066	-	35,393	32,913
Events	-	-	-	-	45,925	45,925	60,056
Grants expense	3,432,747	-	-	-	-	3,432,747	3,795,177
Insurance	986	423	13,378	281	-	15,068	12,565
Meeting expense	4,811	1,409	5,172	936	15,023	27,351	32,488
Newsletters	-	-	7,152	-	-	7,152	7,231
Office supplies and expense	1,418	609	2,235	404	-	4,666	5,081
Program costs	235,812	-	576	-	-	236,388	350,183
Postage	-	-	9,991	-	-	9,991	9,591
Printing	-	-	7,598	-	2,299	9,897	12,023
Professional services	8,410	707	3,070	470	2,685	15,342	20,138
Public relations and marketing	-	-	7,891	-	-	7,891	6,324
Professional development	4,332	1,859	6,888	1,235	-	14,314	9,845
Rent	13,711	5,885	21,608	3,908	-	45,112	39,855
Telephone and utilities	2,665	1,144	4,201	760	-	8,770	11,449
Travel	-	-	3,711	-	-	3,711	7,763
Web sites	-	-	2,488	-	-	2,488	1,670
Miscellaneous	-	-	7,861	-	-	7,861	11,562
	<b><u>\$ 6,638,955</u></b>	<b><u>\$ 460,308</u></b>	<b><u>\$ 492,511</u></b>	<b><u>\$ 74,952</u></b>	<b><u>\$ 65,932</u></b>	<b><u>\$ 7,732,656</u></b>	<b><u>\$ 5,532,106</u></b>

See accompanying Notes to Financial Statements

# The Community Foundation for the Greater Capital Region, Inc.

## Statement of Cash Flows

	Year Ended December 31, 2015 (comparative totals for 2014)	
	2015	2014
<b>CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Change in net assets	\$ (1,420,275)	\$ 152,267
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	6,966	6,378
Non-cash contributions	(655,078)	(3,090,986)
Realized (gains) losses on investments	210,469	(1,954,190)
Unrealized losses on investments	3,281,823	2,767,483
Change in value of split-interest agreements	(149,821)	54,506
Change in cash surrender value of life insurance	6,732	(28,308)
Change in funds held as Agency endowments	5,713	915,221
Decrease (increase) in		
Promises of gifts	(815,380)	10,500
Other receivables	6,359	(2,570)
Prepaid expenses	1,336	(8,676)
Increase (decrease) in		
Accounts payable and accrued expenses	883,670	9,460
Grants payable	(121,155)	154,455
	<b>1,241,359</b>	<b>(1,014,460)</b>
<b>CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	18,449,039	45,032,677
Purchases of investments	(18,768,111)	(43,039,006)
Reinvested earnings	(778,852)	(1,922,302)
Proceeds from pooled income fund	-	20,801
Purchases of property and equipment	(4,975)	(3,886)
	<b>(1,102,899)</b>	<b>88,284</b>
<b>CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES</b>		
Distributions from split-interest agreements	<b>(154,225)</b>	<b>(64,392)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(15,765)</b>	<b>(990,568)</b>
<b>CASH AND CASH EQUIVALENTS, <i>beginning of year</i></b>	<b>1,914,732</b>	<b>2,905,300</b>
<b>CASH AND CASH EQUIVALENTS, <i>end of year</i></b>	<b>\$ 1,898,967</b>	<b>\$ 1,914,732</b>



# The Community Foundation for the Greater Capital Region, Inc.

Notes to Financial Statements  
December 31, 2015

## Note 1 - Organization and Summary of Significant Accounting Policies

### a. Organization

The Community Foundation for the Greater Capital Region, Inc. (Community Foundation) is a corporation organized under the Membership Corporation Laws of the State of New York.

CFCR Real Property Transactions, LLC is a subsidiary of the Community Foundation with no activity in 2015.

The Community Foundation's mission is to strengthen the community through philanthropy. The Foundation does this in collaboration with donors and community partners who share its vision for community transformation through stewardship of charitable endowments, superior donor services, effective grant making, and leadership to address community needs.

In achieving its mission, the Community Foundation:

- Serves over 400 separate charitable funds, working with donors to achieve their philanthropic goals. The Community Foundation presents the resources of this mission in these financial statements as "Managed on Behalf of Donors."
- Provides grant administration, investment management, and leadership to address community needs and provide for the long-term operations of the Community Foundation. The Community Foundation presents the resources of this mission in these financial statements as "Managed for the Benefit of the Foundation."

### b. Basis of Accounting and Financial Statement Presentation

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) for not-for-profits entities.

### c. Recognition of Donor Restrictions

The net assets of the Community Foundation and changes therein are classified and reported as follows:

**Unrestricted Net Assets** are not subject to donor-imposed restrictions. Unrestricted net assets consist of both undesignated funds and Board designated funds. Board designated funds may be donor-advised or endowment funds.

**Temporarily Restricted Net Assets** are subject to donor-imposed stipulations that will be met by the passage of time.

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when the stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Community Foundation reports the support as unrestricted.

**Permanently Restricted Net Assets** are endowment funds restricted by donors to be maintained in perpetuity.

# The Community Foundation for the Greater Capital Region, Inc.

## Notes to Financial Statements December 31, 2015

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *d. Estimates*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

#### *e. Fair Value Measurements*

The Community Foundation reports certain assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date (Note 12).

#### *f. Cash and Cash Equivalents*

The Community Foundation's cash and cash equivalents are defined as short-term, highly liquid investments with an initial maturity of three months or less.

#### *g. Investments*

The Community Foundation reports investments in marketable equity securities and debt securities at fair value with gains and losses on the statement of activities. Realized gains and losses on the sale of investments are determined on the specific identification method.

#### *h. Promises of Gifts*

Unconditional promises of gifts that are expected to be collected within one year are recorded at net realizable value. Unconditional promises of gifts that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Promises of gifts are written off when deemed uncollectible. Recoveries of promises of gifts previously written off are recorded when received. The Community Foundation considered promises of gifts to be fully collectible; accordingly, no allowance for doubtful accounts was necessary as of December 31, 2015.

#### *i. Contributions Receivable*

The Community Foundation is a remainder beneficiary of certain charitable remainder trusts and pooled income funds. The Community Foundation records a contribution receivable reflected as beneficial interest in the trusts and funds. The assumptions used in computing the contribution receivable include a discount rate of 2% and, in certain cases, life expectancies based on published mortality tables.

#### *j. Property and Equipment, Net*

Property and equipment are reported at cost, net of accumulated depreciation. Expenditures for acquisitions, renewals, and betterments are capitalized, whereas maintenance and repair costs are expensed as incurred. When equipment is retired or otherwise disposed of, the appropriate accounts are relieved of costs and accumulated depreciation, and any resultant gain or loss is credited or charged to the change in net assets.

# The Community Foundation for the Greater Capital Region, Inc.

## Notes to Financial Statements December 31, 2015

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *j. Property and Equipment, Net - Continued*

Donations of property and equipment are recorded as contributions at their estimated fair value. The Community Foundation reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted support. Absent explicit donor stipulations about how long-lived assets must be maintained, the Community Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. There were no contributions of property and equipment in 2015.

Depreciation is provided for in amounts to relate the cost of depreciable assets to activities over their estimated useful lives on the straight-line method. The estimated lives used in determining depreciation are three to five years.

#### *k. Funds Held as Agency Endowments*

The Community Foundation has established endowment funds for contributions from donors that are specified to be released to agencies/beneficiaries other than the Community Foundation. The Community Foundation has established a liability for the fair value of the funds.

#### *l. Donated Goods and Services*

Quantifiable donated goods and skilled services are reported, based on estimated fair value, as both revenue and expense in the year contributed. There was approximately \$3,000 of in-kind contributions for the year ended December 31, 2015.

A number of unpaid volunteers have made contributions of their time. The value of this contributed time is not reflected in these financial statements since it is not susceptible to objective measurement or evaluation.

#### *m. Functional Expenses*

Expenses are allocated after all attempts have been made to charge expenses directly to programs. Methodologies used for allocation include actual hours of service and ratio value.

Contracted services represent expenses incurred under pass-through programs, whereby the Community Foundation receives funding which is then passed through to a secondary recipient for a particular purpose.

#### *n. Tax Status*

The Community Foundation is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code (Code) and related New York State law and is exempt from income taxes. The Community Foundation has been classified as a publicly-supported organization that is not a private foundation under Section 509(a)(1) of the Code.

# The Community Foundation for the Greater Capital Region, Inc.

## Notes to Financial Statements December 31, 2015

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *n. Tax Status - Continued*

The Community Foundation files Form 990 annually with the Internal Revenue Service. When annual returns are filed, some tax positions taken are highly certain to be sustained upon examination by the taxing authorities, while other tax positions are subject to uncertainty about the technical merits of the position or amount of the position's tax benefit that would ultimately be sustained. Management evaluated the Community Foundation's tax positions, including interest and penalties attributable thereto, and concluded that the Community Foundation has taken no tax positions that required adjustment in their financial statements as of December 31, 2015.

The Community Foundation has unrelated business income related to an investment holding.

#### *o. Prior Year Summarized Financial Information*

The financial statements include prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Community Foundation's previously issued financial statements for the year ended December 31, 2014, from which the summarized information was derived.

#### *p. Subsequent Events*

The Community Foundation has evaluated subsequent events for potential recognition or disclosure through May 11, 2016, the date the financial statements were available to be issued.

### Note 2 - Investments

A summary of the Community Foundation's investments is as follows:

	December 31, 2015			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Alternative investments	\$ 6,220,585	\$ 1,242,625	\$ (513,131)	\$ 6,950,079
Common stock	2,009,646	124,062	(253,855)	1,879,853
Mutual funds	38,835,033	207,609	(2,117,093)	36,925,549
Common collective trusts	10,716,904	1,089,942	-	11,806,846
Limited partnership interest	1,832,625	-	(273,386)	1,559,239
Other Investments	10,486	-	-	10,486
	<u>\$ 59,625,279</u>	<u>\$ 2,664,238</u>	<u>\$ (3,157,465)</u>	<u>\$ 59,132,052</u>

# The Community Foundation for the Greater Capital Region, Inc.

Notes to Financial Statements  
December 31, 2015

## Note 3 - Promises of Gifts

A summary of promises of gifts to the Community Foundation is as follows:

	December 31, 2015
Amounts due in	
Less than one year	\$ 778,667
One to five years	124,763
	<u>\$ 903,430</u>

## Note 4 - Property and Equipment, Net

A summary of property and equipment, net, is as follows:

	December 31, 2015
Furniture and fixtures	\$ 183,396
Office equipment	37,442
	<u>220,838</u>
Less accumulated depreciation	<u>209,686</u>
Property and equipment, net	<u>\$ 11,152</u>

## Note 5 - Split-Interest Agreements

Split-interest agreements are trusts or other arrangements under which the Community Foundation receives benefits that are shared with other beneficiaries. The Community Foundation's split-interest agreements include charitable remainder trusts, pooled income funds and charitable gift annuities. A summary of the Community Foundation's significant split-interest agreements is as follows:

### a. Charitable Remainder Trusts

#### Assets Held in Charitable Remainder Trusts

A summary of assets held in charitable remainder trusts is as follows:

	December 31, 2015			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Mutual funds	\$ 676,652	\$ 37	\$ (23,112)	\$ 653,577
Cash	20,292	-	-	20,292
	<u>\$ 696,944</u>	<u>\$ 37</u>	<u>\$ (23,112)</u>	<u>\$ 673,869</u>

# The Community Foundation for the Greater Capital Region, Inc.

Notes to Financial Statements  
December 31, 2015

## Note 5 - Split-Interest Agreements - Continued

### a. Charitable Remainder Trusts - Continued

#### Liability Under Charitable Remainder Trust Agreements

The obligation, as trustee for each trust, is reported herein as a liability under charitable remainder trust agreements. The obligation is estimated at the time of the agreements (unitrust or annuity trust) based on the average life expectancies of the beneficiaries or specific trust terms, and the expected rate of return on invested assets. Any excess amount of the gift over the estimated liability is recorded as a temporarily restricted net asset. The obligation is subject to adjustments and reflects amortization of any discount, reevaluation of the present value of estimated future payments, and any change in actuarial assumptions. These adjustments, if any, are recorded in the statement of activities as a change in value of split-interest agreements. The assumptions used in computing the liabilities under charitable remainder trust agreements include a discount rate of 9.4% and life expectancies based on published single and multiple life expectancy tables.

### b. Assets Reserved Under Charitable Gift Annuity Agreements

A summary of assets reserved under charitable gift annuity agreements is as follows:

	December 31, 2015			Fair Value
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	
Mutual funds	\$ 510,290	\$ -	\$ (45,769)	\$ 464,521

Under New York State Insurance Law, the Community Foundation is required to maintain qualified reserves reported herein as assets reserved under charitable gift annuity agreements. As of December 31, 2015, the Community Foundation maintained a segregated reserve of \$464,521 as reflected in the accompanying statement of financial position, which is in excess of the minimum required reserve of \$399,142.

The obligations under the agreements are reported herein as liabilities under charitable gift annuity agreements. The obligations are estimated at the time of the agreement based on the present value of future cash flows expected to be paid to the donors. The obligations are subject to adjustments to reflect amortization of any discount and changes in the life expectancies of the donors. The assumptions used in computing the liabilities under charitable gift annuity agreements include discount rates ranging from 1.4% to 6.2% and life expectancies based on published single and multiple life expectancy tables.

## Note 6 - Funds Held As Agency Endowments

A summary of the Community Foundation's agency endowment funds is as follows:

Agency Endowment Funds, December 31, 2014	\$ 2,672,167
Amounts raised	103,064
Interest and dividends	70,836
Realized investment loss, net	(9,285)
Unrealized investment loss, net	(138,312)
Fees	(42,726)
Grants to public charities	(125,461)
Agency Endowment Funds, December 31, 2015	\$ 2,530,283

# The Community Foundation for the Greater Capital Region, Inc.

## Notes to Financial Statements December 31, 2015

### Note 7 - Net Assets

A summary of unrestricted, undesignated net assets available is as follows:

	December 31, 2015
Pass-through gifts	\$ 476,613
Unrestricted donor gifts	7,831,483
Operating fund	407,873
	<u>\$ 8,715,969</u>

A summary of temporarily restricted net assets is as follows:

	December 31, 2015
Time restrictions	
Endowment funds	\$ 3,226,826
Charitable remainder trusts	969,634
Public Arts Project	580,356
Community Sponsor pledges	69,000
Pooled Income Fund receivable	35,948
	<u>\$ 4,881,764</u>

### Note 8 - Endowment

The Community Foundation's endowment consists of various investments overseen by the Investment Committee of the Board of Directors. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

#### Relevant Law

The Board of Directors of the Community Foundation has interpreted the New York State Not-For-Profit Corporation Law (NPCL). The interpretation views NPCL as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Community Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the standard procedures prescribed in NPCL Article 5-A.

# The Community Foundation for the Greater Capital Region, Inc.

## Notes to Financial Statements December 31, 2015

### Note 8 - Endowment - Continued

#### Relevant Law - Continued

The Community Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund;
2. The purposes of the Community Foundation and the donor-restricted endowment fund;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the organization;
7. Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the organization, and
8. The investment policies of the organization.

Endowment net asset composition by type of fund:

	December 31, 2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ -	\$ 3,226,826	\$ 18,093,687	\$ 21,320,513
Board-designated endowment funds	1,205,844	-	-	1,205,844
<b>Total funds</b>	<b>\$ 1,205,844</b>	<b>\$ 3,226,826</b>	<b>\$ 18,093,687</b>	<b>\$ 22,526,357</b>

Changes in endowment net assets:

	December 31, 2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, <i>beginning of year</i>	\$ 1,384,706	\$ 4,974,522	\$ 17,709,384	\$ 24,068,612
Investment return				
Interest and dividends	108,049	534,203	-	642,252
Net loss, realized	(12,028)	(69,227)	-	(81,255)
Fees to managers	(135,971)	-	-	(135,971)
Net loss, unrealized	(221,301)	(1,040,348)	-	(1,261,649)
<b>Total investment return</b>	<b>(261,251)</b>	<b>(575,372)</b>	<b>-</b>	<b>(836,623)</b>
Contributions	25,516	-	520,856	546,372
Withdrawals	(1,252,004)	-	-	(1,252,004)
Transfers to other funds	1,308,877	(1,172,324)	(136,553)	-
Endowment net assets, <i>end of year</i>	<b>\$ 1,205,844</b>	<b>\$ 3,226,826</b>	<b>\$ 18,093,687</b>	<b>\$ 22,526,357</b>

#### Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Community Foundation to retain it as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature would be reported in unrestricted net assets. There were no funds with deficiencies at December 31, 2015.



# The Community Foundation for the Greater Capital Region, Inc.

Notes to Financial Statements  
December 31, 2015

## Note 8 - Endowment - Continued

### Return Objectives and Risk Parameters

The Community 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. Endowment assets include those assets of donor-restricted funds that the Community Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to obtain a real rate of return on plan assets so that plan assets both grow in value at a rate that exceeds the rate of inflation over the long-term and that limits yearly volatility to acceptable levels as reviewed and determined by the Investment Committee.

### Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Community 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 Community Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

### Spending Policy and How the Investment Objectives Relate to Spending Policy

The Community Foundation has approved a spending policy which calculates a percentage (currently 4%) of the average value of the fund, including income, realized and unrealized appreciation and principal over the past 20 quarters.

## Note 9 - Defined Contribution Plan

The Community Foundation offers a 403(b) tax deferred annuity plan to its employees. The Community Foundation matches employee contributions in the amount of 25% of every dollar contributed by the employee, with a maximum of 10% of each employee's salary. For the year ended December 31, 2015, the Community Foundation's match was \$4,807.

## Note 10 - Commitments and Contingencies

### *Operating Leases*

The Community Foundation's office is leased under a noncancelable operating lease. The lease calls for monthly payments of \$3,764 and expires in September 2016. The Community Foundation is also required to pay, as additional rent, its pro rata share of the increases in the lessor's operating expenses, computed on an annual basis. Under this lease, the Community Foundation also pays its pro rata share of gas and electric costs.

The Community Foundation also rents office equipment under operating leases that call for monthly payments ranging from \$285 to \$376 expiring at various times between March 2016 and June 2016.

The Community Foundation's future minimum rental commitments under these leases are \$36,414 for the year ending December 31, 2016.

# The Community Foundation for the Greater Capital Region, Inc.

## Notes to Financial Statements December 31, 2015

### Note 11 - Risks and Uncertainties

#### a. *Fair Value of Investments*

The Community Foundation invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the financial statements.

#### b. *Concentrations of Credit Risk - Cash*

The Community Foundation maintains operating cash balances at various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times, the Community Foundation has bank deposits in excess of the amounts insured by the FDIC.

The Community Foundation maintains many of its securities with a brokerage firm that is a member of the Securities Investor Protection Corporation (SIPC). Securities held at a member brokerage firm are insured by the SIPC up to \$500,000 per customer, including a maximum of \$250,000 for cash.

### Note 12 - Fair Value of Financial Instruments

The framework for measuring fair value includes 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) and the lowest priority to unobservable inputs (Level 3).

The following three levels of inputs that may be used to measure fair value:

Level 1 Unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than quoted market prices and can include active markets and markets not considered to be active.

Level 3 Unobservable inputs that are supported by little or no market activity.

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.

Following is a description of the valuation methodologies used for assets measured at fair value at December 31, 2015:

Cash Held for Investment: The carrying amounts approximate fair value because of the short maturity of these instruments.

Common Stock: Valued at the closing price reported on the active market on which the individual security is traded.

Mutual Funds: Valued at net asset value (NAV) per share.

Common Collective Trusts: Valued at the NAV per share.

Alternative Investments: Hedge funds are valued at the NAV per share.

# The Community Foundation for the Greater Capital Region, Inc.

## Notes to Financial Statements December 31, 2015

### Note 12 - Fair Value of Financial Instruments - Continued

Limited Partnership Interest and Other Investments: Fair value is determined by the Community Foundation's reported interest in the limited partnership's capital.

Liabilities Under Charitable Gift Annuities and Charitable Remainder Trusts: Fair value is equivalent to the present value of the future payments to be made based on the average life expectancies of the beneficiaries or specific trust terms and the expected rate of return on the invested assets.

Funds Held as Agency Endowments: Fair value is based on the fair market value of the associated investments held within the funds.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Community 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 a different fair value measurement at the reporting date.

A summary of assets and liabilities measured at fair value on a recurring basis follows:

	December 31, 2015			Total
	Level 1	Level 2	Level 3	
<b>Assets</b>				
Investments				
Mutual funds				
Emerging markets fund	\$ 4,128,921	\$ -	\$ -	\$ 4,128,921
Fixed income funds	11,028,476	-	-	11,028,476
International	2,459,355	-	-	2,459,355
Large cap blend	12,228,194	-	-	12,228,194
Large cap equity	38,358	-	-	38,358
Large cap growth	42,073	-	-	42,073
Mid-cap value	5,255,029	-	-	5,255,029
Small-mid cap select	1,745,143	-	-	1,745,143
Common stocks				
Basic materials	31,801	-	-	31,801
Consumer good	462,051	-	-	462,051
Energy resources	61,731	-	-	61,731
Financial	301,175	-	-	301,175
Healthcare	379,742	-	-	379,742
Industrial	267,503	-	-	267,503
Technology	375,850	-	-	375,850
Utilities	-	-	-	-
Common collective trusts	6,584,587	5,222,259	-	11,806,846
Alternative investments	-	-	6,950,079	6,950,079
Limited partnership interest	-	-	1,559,239	1,559,239
Other investments	-	-	10,486	10,486
Assets held in charitable remainder trusts				
Cash held for investment	20,292	-	-	20,292
Mutual funds				
Equity	265,106	-	-	265,106
International development	94,102	-	-	94,102
Emerging markets	30,508	-	-	30,508
Fixed income	143,107	-	-	143,107
Real estate, public REIT	34,943	-	-	34,943
Commodities	10,327	-	-	10,327
Hedge funds specific strategy	75,484	-	-	75,484
Assets reserved under charitable gift annuity agreements				
Mutual funds				
Blend	88,921	-	-	88,921
Fixed income	119,523	-	-	119,523
International	97,000	-	-	97,000
Mid-cap	67,604	-	-	67,604
Emerging markets	41,966	-	-	41,966
Small cap	27,832	-	-	27,832
Commodities	21,675	-	-	21,675
	<u>\$ 46,528,379</u>	<u>\$ 5,222,259</u>	<u>\$ 8,519,804</u>	<u>\$ 60,270,442</u>

# The Community Foundation for the Greater Capital Region, Inc.

## Notes to Financial Statements December 31, 2015

### Note 12 - Fair Value of Financial Instruments - Continued

	December 31, 2015			
	Level 1	Level 2	Level 3	Total
<b>Liabilities</b>				
Liability under charitable remainder trust agreements	\$ -	\$ -	\$ 125,588	\$ 125,588
Liability under charitable gift annuity agreements	-	-	315,527	315,527
Funds held as Agency endowments	2,530,283	-	-	2,530,283
	<u>\$ 2,530,283</u>	<u>\$ -</u>	<u>\$ 441,115</u>	<u>\$ 2,971,398</u>

The following represents a summary of changes in the fair value of assets and liabilities using unobservable Level 3 inputs:

	December 31, 2015			
	Hedge Funds	Limited Partnership Interest	Other Investments	Total
<b>Assets</b>				
Balance, beginning of year	\$ 7,210,586	\$ 1,625,889	\$ 8,860	\$ 8,845,335
Contributions	516,570	423,000	-	939,570
Net gains/(losses)				
Unrealized	(277,077)	(162,950)	1,626	(438,401)
Realized	16,570	-	-	16,570
Settlements	(516,570)	(326,700)	-	(843,270)
Balance, end of year	<u>\$ 6,950,079</u>	<u>\$ 1,559,239</u>	<u>\$ 10,486</u>	<u>\$ 8,519,804</u>
	<b>Liabilities under Charitable</b>			
	Remainder Trusts Agreements	Gift Annuity Agreements	Total	
<b>Liabilities</b>				
Balance, beginning of year	\$ 497,405	\$ 380,468	\$ 877,873	
Change in actuarial assumptions	(339,094)	56,561	(282,533)	
Payments	(32,723)	(121,502)	(154,225)	
	<u>\$ 125,588</u>	<u>\$ 315,527</u>	<u>\$ 441,115</u>	

The following table summarizes investments measured at fair value based on NAV per share using Level 3 inputs:

	Fair Value	Unfunded Commitments	Redemption Frequency	Available	Notice Period
Multi Strategy Hedge Fund	\$ 2,091,263	\$ -	Quarterly	N/A	70 Days
Multi Strategy Hedge Fund	1,621,271	-	Annually	January 31, 2017	45 Days
Long-Short Hedge Funds	3,237,545	-	Every 3 years	June 30, 2016	95 Days
Investment in Limited Partnership	1,559,239	793,648	None	N/A	N/A
Other investments	10,486	-	None	N/A	N/A
	<u>\$ 8,519,804</u>	<u>\$ 793,648</u>			

# The Community Foundation for the Greater Capital Region, Inc.

Notes to Financial Statements  
December 31, 2015

## Note 13 - Pending Accounting Pronouncements

The Financial Accounting Standards Board (FASB) issued ASU 2015-07, *Fair Value Measurement (Topic 820): Disclosures in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)*, which removes the requirement to categorize, within the fair value hierarchy, investments for which fair values are measured at net asset value using the practical expedient. The updated standard will be effective for annual reporting periods beginning after December 15, 2016.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years.

The Community Foundation is currently evaluating the effect that these updated standards will have on the financial statements.