

NORTHERN CHAUTAUQUA COMMUNITY FOUNDATION

**REPORT ON AUDITED
FINANCIAL STATEMENTS**

**YEARS ENDED
DECEMBER 31, 2017 AND 2016**

NORTHERN CHAUTAUQUA COMMUNITY FOUNDATION

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BUFFAMANTE WHIPPLE BUTTAFARO, P.C.
Certified Public Accountants • Business Advisors

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of *Northern Chautauqua Community Foundation*, which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 *Northern Chautauqua Community Foundation* as of December 31, 2017 and 2016, 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.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Jamestown, New York
May 31, 2018

**NORTHERN CHAUTAUQUA COMMUNITY FOUNDATION
STATEMENTS OF FINANCIAL POSITION**

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<i>As of December 31,</i>	2017	2016
Assets		
Current assets		
Cash and cash equivalents	\$ 108,712	\$ 90,062
Investments	27,377,365	23,886,467
Prepaid expenses	--	2,031
Cash surrender value of life insurance	22,708	21,419
Building, equipment and land, net	62,850	65,253
	\$ 27,571,635	\$ 24,065,232
Liabilities and Net Assets		
Current liabilities		
Grants and accounts payable	\$ 14,402	\$ 7,301
Gift annuities payable	16,307	18,442
Total current liabilities	30,709	25,743
Funds held for agencies	2,284,681	1,977,826
Funds held for pass-through	261,645	243,852
Total liabilities	2,577,035	2,247,421
Unrestricted net assets		
Operating	2,241	4,785
Unreserved - fixed assets	62,850	65,253
Board designated - building reserve	20,000	15,000
Community benefit funds	6,953,644	6,236,121
Designated funds	8,148,498	6,749,933
Donor advised funds	1,121,655	1,034,161
Brocton Scholarship funds	102,335	86,345
Dunkirk Scholarship funds	2,535,756	2,178,080
Fredonia Scholarship funds	859,709	727,042
Miscellaneous Scholarship funds	4,529,605	4,079,038
Westfield Scholarship funds	682,252	666,198
Gift annuities	(23,945)	(24,145)
Total unrestricted net assets	24,994,600	21,817,811
	\$ 27,571,635	\$ 24,065,232

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

**NORTHERN CHAUTAUQUA COMMUNITY FOUNDATION
STATEMENTS OF ACTIVITIES**

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<i>Years ended December 31,</i>	2017	2016
Unrestricted support and revenue		
Contributions	\$ 1,119,456	\$ 218,006
Unrealized gains	2,703,474	260,613
Realized gains (losses)	(14,198)	1,237,919
Interest and dividends, net	559,919	501,372
Special fund - fundraising revenue	1,000	--
Patron dues and miscellaneous income	21,441	21,087
Change in cash surrender value of life insurance	741	433
Change in value of charitable gift annuities	--	14,201
Total unrestricted support and revenue	4,391,833	2,253,631
Expenses		
Grants to others	858,461	492,825
Management and general	311,298	322,102
Other fund transfers and adjustments	44,694	8,125
Special fund - fundraising expenses	591	--
Total expenses	1,215,044	823,052
Change in unrestricted net assets	3,176,789	1,430,579
Unrestricted net assets, at beginning of year	21,817,811	20,387,232
Unrestricted net assets, at end of year	\$ 24,994,600	\$ 21,817,811

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

**NORTHERN CHAUTAUQUA COMMUNITY FOUNDATION
STATEMENTS OF CASH FLOWS**

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<i>Years ended December 31,</i>	2017	2016
Cash flows from operating activities		
Change in net assets	\$ 3,176,789	\$ 1,430,579
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net unrealized gains on investments	(2,703,474)	(260,613)
Net realized losses (gains) on investments	14,198	(1,237,919)
Change in value of split-interest agreement	--	(14,201)
Change in cash surrender value of life insurance	(741)	(433)
Contribution of life insurance policy (non-cash)	(548)	--
Depreciation expense	2,403	2,325
Change in operating assets and liabilities:		
Prepaid expenses	2,031	(2,031)
Grants and accounts payable	7,101	(1,129)
Gift annuity payable	(2,135)	(19,808)
Funds held for agencies	306,855	126,298
Funds held for pass-through	17,793	30,933
Net cash flows provided by operating activities	820,272	54,001
Cash flows from investing activities		
Fixed asset purchases	--	(1,370)
Sale of investments	2,978,507	14,976,056
Purchase of investments	(3,780,129)	(15,150,719)
Net cash used in investing activities	(801,622)	(176,033)
Net change in cash	18,650	(122,032)
Cash and cash equivalents, at beginning of year	90,062	212,094
Cash and cash equivalents, at end of year	\$ 108,712	\$ 90,062

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

**NORTHERN CHAUTAUQUA COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

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NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

Nature of Operations

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

Basis of Accounting

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

Basis of Presentation

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

Variance Power

Generally accepted accounting principles provide that if the governing body of an organization has the unilateral power to redirect the use of a donor's contribution to another beneficiary, such contributions must be classified as unrestricted net assets. The bylaws of the Foundation include a variance power provision giving the Board of Directors the power to vary the use of funds if the stated purpose of a contribution becomes no longer applicable and therefore, incapable of fulfillment. Based on this provision, all contributions received by the Foundation, except for contributions to Agency Funds as described in Note 3, are reported as unrestricted revenues. Accordingly, the Foundation's financial statements classify substantially all funds, including the corpus of endowment funds, as unrestricted net assets, but segregate for internal management and endowment record keeping the portion that is held as endowment from the funds that are currently available for grants.

**NOTE 1 - SUMMARY OF ACCOUNTING POLICIES
(CONTINUED)**

Fund Accounting

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

Contributions

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

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

Donated Services

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

Grants

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

Use of Estimates

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

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Foundation considers highly liquid debt instruments purchased with a maturity of three months or less to be a cash equivalent.

Net Assets

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

**NORTHERN CHAUTAUQUA COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 1 - SUMMARY OF ACCOUNTING POLICIES
(CONTINUED)**

Net Assets (continued)

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

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

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

NOTE 2 – CONCENTRATION OF CREDIT RISKS

The Foundation maintains its cash balances at more than one financial institution. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At various times during the years, the balance in these accounts exceeded the Federal Deposit Insurance Corporation limit. At December 31, 2017, cash and cash equivalents classified as investments totaled \$722,983 invested with Lake Shore Savings Bank, Cattaraugus County Bank, and TD Ameritrade. At December 31, 2016, cash and cash equivalents classified as investments totaled \$132,495 invested with Lake Shore Savings Bank, Cattaraugus County Bank, TD Ameritrade and Charles Schwab.

NOTE 3 – FUNDS HELD FOR AGENCIES

The Foundation adopted the Financial Accounting Standards Board Topic 958-605, *Not-for-Profit Entities – Revenue Recognition – Transfers of Assets to Not-for-Profit Entity or Charitable Trust that Raises or Holds Contributions for Others*. This Topic establishes standards for transactions in which the Foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets or both, to a not-for-profit organization that is specified by the donor. This Topic specifically requires that if the donor is a not-for-profit organization that established a fund at the Foundation using its own funds, and for its own benefit, the Foundation must account for the transfer of such assets as a liability. The Foundation refers to these funds as agency funds.

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

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

NOTE 3 – FUNDS HELD FOR AGENCIES (CONTINUED)

As of December 31, 2017 and 2016, the Foundation was the owner of twenty-two agency funds with a combined value of \$2,284,681 and \$1,977,826, respectively. The Foundation also had fifty-seven pass-through funds with a combined value of \$261,645 and \$243,852 as of December 31, 2017 and 2016, respectively.

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

	2017	2016
Additions:		
Contributions	\$ 247,165	\$ 138,124
Special fund - fundraising revenues	135,497	97,881
Unrealized gains	251,439	23,625
Realized gains	--	111,980
Interest and dividends, net	52,089	45,419
Transfer	44,694	8,125
Total additions	730,884	425,154
Deductions:		
Realized losses	1,313	--
Grants	310,201	190,451
Special fund - fundraising expense	69,462	58,748
Administrative expenses	25,260	18,724
Total deductions	406,236	267,923
Change in balance	324,648	157,231
Balance at beginning of year	2,221,678	2,064,447
Balance end of year	\$ 2,546,326	\$ 2,221,678

NOTE 4 – BUILDING, EQUIPMENT AND LAND

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

	2017	2016
Office furniture and equipment	\$ 52,151	\$ 52,151
Building	60,798	60,798
Land	10,000	10,000
Subtotal – cost basis	122,949	122,949
Less: accumulated depreciation	(60,099)	(57,696)
Total, net	\$ 62,850	\$ 65,253

Office furniture and equipment is depreciated using the straight-line method over an estimated life of five years and depreciation totaled \$844 and \$766 for the years ended December 31, 2017 and 2016, respectively. The building is depreciated using the straight-line method over an estimated life of thirty-nine years and depreciation totaled \$1,559 for each of the years ended December 31, 2017 and 2016.

**NORTHERN CHAUTAUQUA COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 5 – INVESTMENTS

Investments are presented in the financial statements in the aggregate at fair market value. Endowment funds were invested as follows at December 31, 2017:

Investment Description	Cost	Market
Lakeshore Savings Bank Cash & Cash Equivalents	\$ 49,294	\$ 49,294
Cattaraugus County Bank Cash & Cash Equivalents	40,426	40,426
Monroe Capital Alternative Investment	500,000	500,000
TD Ameritrade- Courier Capital:		
Cash & Cash Equivalents	633,263	633,263
Exchange Traded Funds	5,722,613	6,813,902
Fixed Income	4,148,969	4,188,937
Mutual Funds	11,399,469	15,151,543
Total	\$ 22,494,034	\$ 27,377,365

Endowment funds were invested as follows at December 31, 2016:

Investment Description	Cost	Market
Lakeshore Savings Bank Cash & Cash Equivalents	\$ 48,843	\$ 48,843
Cattaraugus County Bank Cash & Cash Equivalents	40,320	40,320
TD Ameritrade- Courier Capital:		
Cash & Cash Equivalents	43,332	43,332
Exchange Traded Funds	6,214,715	6,490,150
Fixed Income	4,481,370	4,438,235
Mutual Funds	10,979,570	12,825,587
Total	\$ 21,808,150	\$ 23,886,467

On September 27, 2017, the Foundation invested \$500,000 with New York Income Partners IV, LLC (NYIP). The investment is a participatory note whereby the Foundation will receive a fixed interest rate of 8%, paid monthly, through December 31, 2021, at which time the principal amount will be paid in full. The Foundation will also receive an additional interest payment equal to 20% of NYIP's adjusted net income. Any net losses experienced by NYIP will be offset against additional interest payments earned in future years. The Foundation will have the ability to extend the note for one additional five year period at the date of maturity. The value of the alternative investment is based on the Foundation's contribution.

NOTE 5 – INVESTMENTS (CONTINUED)

Sales of investments resulted in net realized gains (losses) of (\$15,511) and \$1,349,899 at December 31, 2017 and 2016, 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, except for alternative investments, are based primarily on quoted market prices.

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

	2017	2016
Realized gains (losses)	\$ (15,511)	\$ 1,349,899
Unrealized gains	2,954,913	284,238
Interest and dividends, net	612,008	546,791
Return on investment	\$ 3,551,410	\$ 2,180,928

Netted against return on investments are investment fees in the amount of \$32,416 and \$64,653, for the years ended December 31, 2017 and 2016, respectively.

As of December 31, 2017 and 2016, there were no funds whose market value was below their historical cost value.

NOTE 6 - GIFT ANNUITIES PAYABLE

A charitable gift annuity is a contract between the Foundation and the Donor. The Foundation agrees to pay the Donor (or other person named by the Donor) a lifetime annuity in return for a gift of cash or securities. The Foundation used fair market value for recognizing assets related to the gift annuities payable in the financial statements. The Foundation has segregated investments in the U.S. Treasury Funds restricted for the payment of the annuities.

This amount met the required investment by New York State Insurance Law. The Foundation had one gift annuity remaining at December 31, 2017 and December 31, 2016.

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

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

	Discount Rate	Lifetime Expectancy	Amount of the Payable
2017			
Annuity VII	6.80%	7.2	\$ 16,307
2016			
Annuity VII	6.60%	7.9	\$ 18,442

**NORTHERN CHAUTAUQUA COMMUNITY FOUNDATION
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 7- ENDOWMENTS

Return Objectives and Risk Parameters

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation's spending policy has been revised to comply with the requirements of the New York Prudent Management of Institutional Funds Act (NYPMIFA).

A summary of the terms of the spending policy are as follows:

	Effective 1/1/2017	Effective 1/1/2016
Spending percentage:		
Available to spend	3.50%	3.50%
Maximum		
Administrative fees	1.00%	1.00%
Total	4.50%	4.50%

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

Calculation period:

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

NOTE 7- ENDOWMENTS (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy (continued)

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 8 – FEDERAL TAX STATUS

The Foundation is a not-for-profit organization, exempt from income taxes under section 501(c)(3) of the United States Internal Revenue Code. Contributions to the Foundation are deductible under section 170(c) of the Code. The Foundation is not a private foundation as described in Section 509(a) of the Code. Income tax returns that remain open for examination by taxing authorities include 2014 and later years.

NOTE 9 – FUND TRANSFER

During the year-ended December 31, 2017, the Foundation transferred approximately \$45,000 from a fund previously categorized as an endowment fund to an agency fund.

NOTE 10 – SUBSEQUENT EVENTS

Subsequent events were evaluated by Management through May 31, 2018, which is the date the financial statements were available to be issued.

**NORTHERN CHAUTAUQUA COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

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, 2017
Cash and cash equivalents	\$ 722,983	\$ --	\$ --	\$ 722,983
Mutual funds	15,151,543	--	--	15,151,543
Exchange Traded Funds	6,813,902	--	--	6,813,902
Fixed Income	4,188,937	--	--	4,688,937
Alternative investment	--	--	500,000	500,000
Cash surrender value of life insurance	--	--	22,708	22,708
Total	\$ 26,877,365	\$ --	\$ 522,708	\$ 27,400,073

	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, 2016
Cash and cash equivalents	\$ 132,495	\$ --	\$ --	\$ 132,495
Mutual funds	12,825,587	--	--	12,825,587
Exchange Traded Funds	6,490,150	--	--	6,490,150
Fixed Income	4,438,235	--	--	4,438,235
Cash surrender value of life insurance	--	--	21,419	21,419
Total	\$ 23,886,467	\$ --	\$ 21,419	\$ 23,907,886

The life insurance contracts are not actively traded and significant other observable inputs are not available. The fair value of life insurance contracts is equal to the cash surrender value of the insurance contracts. The following table provides further details of the Level 3 fair value measurements.

	Life Insurance Contracts	Alternative Investment
Balance at December 31, 2015	\$ 20,986	\$ --
2016 gains, losses, and dividends, net	433	--
Balance at December 31, 2016	21,419	--
2017 gains, losses, and dividends, net	741	--
Contributions	548	500,000
Balance at December 31, 2017	\$ 22,708	\$ 500,000

SUPPLEMENTARY INFORMATION



BUFFAMANTE WHIPPLE BUTTAFARO, P.C.
Certified Public Accountants • Business Advisors

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL MATERIAL

We have audited the financial statements of *Northern Chautauqua Community Foundation* as of and for the years ended December 31, 2017 and 2016 and our report thereon dated May 31, 2018, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental material, 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 not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Jamestown, New York
May 31, 2018

**NORTHERN CHAUTAUQUA COMMUNITY FOUNDATION
SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES**

	Endowments	Agency and Pass-through Funds	2017 Total	2016 Total
Salaries and benefits	\$ 199,101	\$ 16,156	\$ 215,257	\$ 214,512
Payroll taxes	17,959	1,457	19,416	15,782
Utilities	3,999	324	4,323	4,059
Conferences and meetings	4,144	336	4,480	3,309
Office supplies and expenses	11,003	893	11,896	12,213
Dues and subscriptions	1,888	153	2,041	1,643
Telephone	3,445	280	3,725	2,034
Insurance	4,795	389	5,184	4,801
Travel and promotion	7,856	638	8,494	8,253
Computer support	13,327	1,081	14,408	19,015
Professional fees	6,845	555	7,400	7,100
Accounting services	27,979	2,270	30,249	36,000
Depreciation expense	2,223	180	2,403	2,325
Building maintenance	2,653	216	2,869	5,264
Miscellaneous	4,081	332	4,413	4,516
Total expenses	311,298	25,260	336,558	340,826
Transfers	44,694	(44,694)	--	--
Total expenses and transfers	\$ 355,992	\$ (19,434)	\$ 336,558	\$ 340,826

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

Year ended December 31, 2017

	Unrealized										Ending Liabilities and Net Assets at 12/31/17		
	Beginning Liabilities and Net Assets at 1/1/17	Contributions	Special Fund - Fundraising Revenues	Interest and Dividends, Net	Realized Losses	Gains and Change in CSV Gift Annuities	Patron Dues, Miscellaneous Income	Grants	General and Administrative Expenses	Special Fund - Fundraising Expenses		Fund Transfers & Adjustments	Change in Liability
Liabilities													
Grants payable	\$ 7,301	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 7,101	
Gift annuity payable	18,442	--	--	--	--	--	--	--	--	--	--	(2,135)	
Funds held for agencies	1,977,826	45,897	--	50,827	(1,281)	245,342	--	(12,902)	(20,928)	--	(100)	--	
Funds held for pass-throughs	243,852	201,268	135,497	1,262	(32)	6,097	--	(297,299)	(4,332)	44,794	--	--	
Total Liabilities	2,247,421	247,165	135,497	52,089	(1,313)	251,439	--	(310,201)	(25,260)	44,694	4,966	2,577,035	
Unrestricted Net Assets													
Operating fund	4,785	11,734	--	111	--	--	21,441	--	(40,930)	5,100	--	2,241	
Undesignated - fixed assets	65,253	--	--	--	--	--	--	--	(2,403)	--	--	62,850	
Board designated-building reserve	15,000	--	--	--	--	--	--	--	--	5,000	--	20,000	
Community benefit funds	6,236,121	244,683	--	159,014	(3,974)	768,157	--	(384,696)	(65,661)	--	--	6,953,644	
Designated funds	6,749,933	576,510	--	178,832	(4,548)	862,281	--	(137,629)	(72,362)	(4,519)	--	8,148,498	
Donor advised funds	1,034,161	12,812	--	25,514	(614)	123,759	--	(63,314)	(10,463)	(200)	--	1,121,655	
Brocton scholarships	86,345	--	--	2,329	(57)	11,263	--	(3,300)	(956)	6,711	--	102,335	
Dunkirk scholarships	2,178,080	149,662	--	55,895	(1,448)	270,058	--	(56,160)	(33,054)	(27,277)	--	2,535,756	
Fredonia scholarships	727,042	7,641	--	19,538	(496)	94,602	--	(29,140)	(8,037)	48,559	--	859,709	
Miscellaneous scholarships	4,079,038	115,084	1,000	103,213	(2,676)	499,251	--	(165,647)	(71,073)	(27,994)	--	4,529,605	
Westfield scholarships	666,198	1,330	--	15,473	(385)	74,844	--	(18,575)	(6,359)	(50,274)	--	682,252	
Subtotal	21,841,956	1,119,456	1,000	559,919	(14,198)	2,704,215	21,441	(858,461)	(311,298)	(44,894)	--	25,018,545	
Gift annuities	(24,145)	--	--	--	--	--	--	--	--	200	--	(23,945)	
Total Net Assets	21,817,811	1,119,456	1,000	559,919	(14,198)	2,704,215	21,441	(858,461)	(311,298)	(44,694)	--	24,994,600	
Total Liabilities and Net Assets	\$ 24,065,232	\$ 1,366,621	\$ 136,497	\$ 612,008	\$ (15,511)	\$ 2,955,654	\$ 21,441	\$ (1,168,662)	\$ (336,558)	\$ (70,053)	\$ --	\$ 4,966	\$ 27,571,635

See accompanying independent auditor's report on supplemental material.

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

Year ended December 31, 2016

	Beginning Liabilities and Net Assets at 1/1/16	Contributions	Special Fund - Fundraising Revenues	Interest and Dividends, Net	Realized Gains	Unrealized Gains and Change in CSV Gift Annuities	Patron Dues, Miscellaneous Income	Grants	General and Administrative Expenses	Special Fund - Fundraising Expenses	Fund Transfers & Adjustments	Change in Liability	Ending Liabilities and Net Assets at 12/31/16
Liabilities													
Grants payable	\$ 8,430	--	--	--	--	--	--	--	--	--	--	\$ (1,129)	\$ 7,301
Gift annuity payable	38,250	--	--	--	--	--	--	--	--	--	--	(19,808)	18,442
Funds held for agencies	1,851,528	6,945	--	45,419	111,980	23,625	--	(42,962)	(18,709)	--	--	--	1,977,826
Funds held for pass-throughs	212,919	131,179	97,881	--	--	--	--	(147,488)	(15)	(58,748)	8,125	--	243,852
Total Liabilities	2,111,127	138,124	97,881	45,419	111,980	23,625	--	(190,451)	(18,724)	(68,748)	8,125	(20,937)	2,247,421
Unrestricted Net Assets													
Operating fund	31,349	26,209	--	97	--	--	21,087	--	(77,587)	--	3,630	--	4,785
Undesignated - fixed assets	66,208	--	--	--	--	--	--	--	(2,325)	--	1,370	--	65,253
Board designated-building reserve	10,000	--	--	--	--	--	--	--	--	--	5,000	--	15,000
Community benefit funds	5,863,241	20,569	--	145,326	361,486	73,399	--	(157,894)	(60,006)	--	(10,000)	--	6,236,121
Designated funds	6,262,842	26,141	--	154,564	382,279	76,306	--	(91,520)	(62,679)	--	--	--	6,749,833
Donor advised funds	965,663	2,550	--	23,833	59,010	12,223	--	(19,303)	(9,815)	--	--	--	1,034,161
Brocton scholarships	81,847	--	--	1,993	4,680	1,058	--	(2,610)	(823)	--	--	--	86,345
Dunkirk scholarships	1,972,452	87,059	--	49,005	121,407	25,218	--	(37,540)	(29,521)	--	(10,000)	--	2,178,080
Fredonia scholarships	675,457	14,590	--	16,559	40,427	9,263	--	(24,270)	(6,859)	--	1,875	--	727,042
Miscellaneous scholarships	3,870,701	37,328	--	94,693	230,887	53,397	--	(141,809)	(66,169)	--	--	--	4,079,038
Westfield scholarships	625,818	3,560	--	15,302	37,533	8,182	--	(17,879)	(6,318)	--	--	--	666,198
Subtotal	20,425,578	218,006	--	501,372	1,237,919	261,046	21,087	(492,825)	(322,102)	--	(8,125)	--	21,841,956
Gift annuities	(36,346)	--	--	--	--	14,201	--	--	--	--	--	--	(24,145)
Total Net Assets	20,387,232	218,006	--	501,372	1,237,919	275,247	21,087	(492,825)	(322,102)	--	(8,125)	--	21,817,811
Total Liabilities and Net Assets	\$ 22,498,359	\$ 356,130	\$ 97,881	\$ 546,791	\$ 1,349,899	\$ 298,872	\$ 21,087	\$ (683,276)	\$ (340,826)	\$ (58,748)	\$ --	\$ (20,937)	\$ 24,065,232

See accompanying independent auditor's report on supplemental material.