

**NORTHERN CHAUTAUQUA COMMUNITY FOUNDATION**

**REPORT ON AUDITED  
FINANCIAL STATEMENTS**

**YEARS ENDED  
DECEMBER 31, 2016 AND 2015**

**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, 2016 and 2015, 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 auditors' 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, 2016 and 2015, 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  
July 20, 2017

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

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*As of December 31,*

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 90,062	\$ 212,094
Investments	23,886,467	22,199,071
Prepaid expenses	2,031	--
Cash surrender value of life insurance	21,419	20,986
Building, equipment and land, net	65,253	66,208
	<u>\$ 24,065,232</u>	<u>\$ 22,498,359</u>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Grants and accounts payable	\$ 7,301	\$ 8,430
Gift annuities payable	18,442	38,250
Total current liabilities	25,743	46,680
Funds held for agencies	1,977,826	1,851,528
Funds held for pass-through	243,852	212,919
Total liabilities	<u>2,247,421</u>	<u>2,111,127</u>
<b>Unrestricted net assets</b>		
Operating (deficit)	4,785	31,349
Unreserved - fixed assets	65,253	66,208
Board designated - building reserve	15,000	10,000
Community benefit funds	6,236,121	5,863,241
Designated funds	6,749,933	6,262,842
Donor advised funds	1,034,161	965,663
Brocton Scholarship funds	86,345	81,847
Dunkirk Scholarship funds	2,178,080	1,972,452
Fredonia Scholarship funds	727,042	675,457
Miscellaneous Scholarship funds	4,079,038	3,870,701
Westfield Scholarship funds	666,198	625,818
Gift annuities	(24,145)	(38,346)
Total unrestricted net assets	<u>21,817,811</u>	<u>20,387,232</u>
	<u>\$ 24,065,232</u>	<u>\$ 22,498,359</u>

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

**NORTHERN CHAUTAUQUA COMMUNITY FOUNDATION  
STATEMENTS OF ACTIVITIES**

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<b>Years ended December 31,</b>	<b>2016</b>	<b>2015</b>
<b>Unrestricted support and revenue</b>		
Contributions	\$ 218,006	\$ 702,522
Unrealized gains (losses)	260,613	(787,643)
Realized gains (losses)	1,237,919	(29,557)
Interest and dividends, net	501,372	451,038
Patron dues and miscellaneous income	21,087	20,317
Change in cash surrender value of life insurance	433	445
Change in value of charitable gift annuities	14,201	(7,757)
<b>Total unrestricted support and revenue</b>	<b>2,253,631</b>	<b>349,365</b>
<b>Expenses</b>		
Grants to others	492,825	533,487
Management and general	322,102	270,584
Other fund transfers and adjustments	8,125	--
<b>Total expenses</b>	<b>823,052</b>	<b>804,071</b>
<b>Change in unrestricted net assets</b>	<b>1,430,579</b>	<b>(454,706)</b>
<b>Unrestricted net assets, at beginning of year</b>	<b>20,387,232</b>	<b>20,841,938</b>
<b>Unrestricted net assets, at end of year</b>	<b>\$ 21,817,811</b>	<b>\$ 20,387,232</b>

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

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

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<b>Years ended December 31,</b>	<b>2016</b>	<b>2015</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 1,430,579	\$ (454,706)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net unrealized losses (gains) on investments	(260,613)	787,643
Net realized losses (gains) on investments	(1,237,919)	29,557
Change in value of split-interest agreement	(14,201)	7,757
Change in cash surrender value of life insurance	(433)	(445)
Depreciation expense	2,325	2,167
Change in operating assets and liabilities:		
Prepaid expenses	(2,031)	--
Grants and accounts payable	(1,129)	7,229
Gift annuity payable	(19,808)	(1,323)
Funds held for agencies	126,298	(84,257)
Funds held for pass-through	30,933	(144,501)
<b>Net cash flows provided by operating activities</b>	<b>54,001</b>	<b>149,121</b>
<b>Cash flows from investing activities</b>		
Fixed asset purchases	(1,370)	(1,161)
Sale of investments	14,976,056	7,348,848
Purchase of investments	(15,150,719)	(7,420,746)
<b>Net cash used in investing activities</b>	<b>(176,033)</b>	<b>(73,059)</b>
<b>Net change in cash</b>	<b>(122,032)</b>	<b>76,062</b>
<b>Cash and cash equivalents, at beginning of year</b>	<b>212,094</b>	<b>136,032</b>
<b>Cash and cash equivalents, at end of year</b>	<b>\$ 90,062</b>	<b>\$ 212,094</b>

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

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

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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 solely 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 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 2, 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.

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

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

**Cash and Cash Equivalents**

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.

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. At December 31, 2016, cash and cash equivalents classified as investments totaled \$132,495 invested with Lake Shore Savings Bank, Cattaraugus County Bank, and TD Ameritrade. At December 31, 2015, cash and cash equivalents classified as investments totaled \$494,849 invested with Lake Shore Savings Bank, Cattaraugus County Bank, TD Ameritrade and Charles Schwab.

**Net Assets**

Net assets 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 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.

**Reclassifications**

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

**NOTE 2 – 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.

**NOTE 2 – FUNDS HELD FOR AGENCIES (CONTINUED)**

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.

As of December 31, 2016 and 2015, the Foundation was the owner of twenty-two agency funds with a combined value of \$1,977,826 and \$1,851,528, respectively. The Foundation also had approximately sixty-five pass-through funds with a combined value of \$243,852 and \$212,919 as of December 31, 2016 and 2015, respectively.

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

	2016	
Additions:		
Contributions	\$ 138,124	\$ 117,555
Special fund - fundraising revenues	97,881	131,670
Unrealized gains	23,625	--
Realized gains	111,980	--
Investment Income	45,419	41,341
Transfer	8,125	--
<b>Total additions</b>	<b>425,154</b>	<b>290,566</b>
Deductions:		
Unrealized losses	--	72,646
Realized losses	--	2,711
Grants	190,451	360,148
Special fund - fundraising expense	58,748	64,789
Administrative expenses	18,724	19,030
<b>Total deductions</b>	<b>267,923</b>	<b>519,324</b>
Change in balance	157,231	(228,758)
Balance at beginning of year	2,064,447	2,293,205
<b>Balance end of year</b>	<b>\$ 2,221,678</b>	<b>\$ 2,064,447</b>



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

**NOTE 3 – BUILDING, EQUIPMENT AND LAND**

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

	2016	
Office furniture and equipment	\$ 52,151	\$ 50,781
Building	60,798	60,798
Land	10,000	10,000
Subtotal – cost basis	122,949	121,579
Less: accumulated depreciation	(57,696)	(55,371)
Property and equipment, net	\$ 65,253	\$ 66,208

Office furniture and equipment is depreciated using the straight-line method over an estimated life of five years and depreciation totaled \$766 and \$608 for the years ended December 31, 2016 and 2015, 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, 2016 and 2015.

**NOTE 4 – INVESTMENTS**

Investments are presented in the financial statements in the aggregate at fair market value. 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

Endowment funds were invested as follows at December 31, 2015:

Investment Description	Cost	Market
Lakeshore Savings Bank		
Cash & Cash Equivalents	\$ 89,123	\$ 89,123
Cattaraugus County Bank		
Cash & Cash Equivalents	40,218	40,218
TD Ameritrade- Courier		
Capital:		
Cash & Cash Equivalents	120,827	120,827
Exchange Traded Funds	1,200,589	1,192,802
Fixed Income	5,160,316	5,366,210
Mutual Funds	482,607	473,147

**NOTE 4 – INVESTMENTS (CONTINUED)**

Investment Description	Cost	Market
Charles Schwab - Manning & Napier:		
Cash & Cash Equivalents	244,681	244,681
Fixed Income	1,184,650	1,045,295
Equities	5,273,233	6,038,210
Vanguard Funds:		
500 Index Funds	1,097,184	1,849,835
Total International Stock Index Fund	1,501,119	1,360,292
Total Stock Market Index Fund	2,823,013	4,147,641
Emerging Markets Stock Index Fund	348,643	230,790
Total	\$ 19,566,203	\$ 22,199,071

Sales of investments resulted in net realized gains (losses) of \$1,349,899 and (\$32,268) at December 31, 2016 and 2015, 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 for Endowment and Agency Funds is as follows for the years ended:

	2016	
Realized gains (losses)	\$ 1,349,899	\$ (32,268)
Unrealized gains (losses)	284,238	(860,289)
Interest and dividends, net	546,791	492,379
Return on investment	\$ 2,180,928	\$ (\$400,178)

Netted against return on investments are investment fees in the amount of \$64,653 and \$85,590, for the years ended December 31, 2016 and , respectively.

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

**NOTE 5 - 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.

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

**NOTE 5 - GIFT ANNUITIES PAYABLE (CONTINUED)**

This amount met the required investment by New York State Insurance Law. The Foundation had one gift annuity remaining at December 31, 2016 and two gift annuities at December 31, 2015.

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

	Discount Rate	Lifetime Expectancy	Amount of the Payable
<b>2016</b>			
Annuity VII	6.60%	7.9	\$ 18,442
<b>2015</b>			
Annuity II	9.00%	2.8	\$ 19,648
Annuity VII	6.40%	8.2	18,602
Total			\$ 38,250

**NOTE 6 - 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).

**NOTE 6 - ENDOWMENTS (CONTINUED)**

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

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

	Effective 1/1/2016	Effective 1/1/
<b>Spending percentage:</b>		
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

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 7 - 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 and later years.

**NOTE 8 - SUBSEQUENT EVENTS**

Subsequent events were evaluated by Management through July 20, 2017, 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, 2016 AND**

**NOTE 9 - 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, 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
<b>Total</b>	<b>\$ 23,886,467</b>	<b>\$ --</b>	<b>\$ 21,419</b>	<b>\$ 23,907,886</b>

	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, 2015
Cash and cash equivalents	\$ 494,849	\$ --	\$ --	\$ 494,849
Mutual funds	8,061,705	--	--	8,061,705
Exchange Traded Funds	1,192,802	--	--	1,192,802
Fixed Income	6,411,505	--	--	6,411,505
Common stocks	6,038,210	--	--	6,038,210
Cash surrender value of life insurance	--	--	20,986	20,986
<b>Total</b>	<b>\$ 22,199,071</b>	<b>\$ --</b>	<b>\$ 20,986</b>	<b>\$ 22,220,057</b>

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
Balance at December 31, 2014	\$ 20,540
2015 gains, losses, and dividends, net	446
Balance at December 31, 2015	20,986
2016 gains, losses, and dividends, net	433
Balance at December 31, 2016	\$ 21,419

**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, 2016 and 2015 and our report thereon dated July 20, 2017, 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  
July 20, 2017**

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

	Endowments	Agency and Pass-through Funds	2016 Total	2015 Total
Salaries and benefits	\$ 202,727	\$ 11,785	\$ 214,512	\$ 184,803
Payroll taxes	14,915	867	15,782	14,782
Utilities	3,836	223	4,059	4,012
Conferences and meetings	3,127	182	3,309	5,750
Office supplies and expenses	11,542	671	12,213	11,785
Dues and subscriptions	1,553	90	1,643	2,462
Telephone	1,922	112	2,034	1,976
Insurance	4,537	264	4,801	5,272
Travel and promotion	7,800	453	8,253	8,978
Computer support	17,970	1,045	19,015	13,819
Professional fees	6,710	390	7,100	6,800
Accounting services	34,022	1,978	36,000	19,800
Depreciation expense	2,197	128	2,325	2,167
Building maintenance	4,975	289	5,264	4,378
Miscellaneous	4,269	247	4,516	2,830
Total expenses	322,102	18,724	340,826	289,614
Transfers	8,125	(8,125)	--	--
Total expenses and transfers	\$ 330,227	\$ 10,599	\$ 340,826	\$ 289,614

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

Year ended December 31, 2016

	Beginning Liabilities and Net Assets	Contributions	Special Fund - Fundraising Revenues	Investment Income	Realized Losses	Unrealized Gains/(Losses) and Change in CSY 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
<b>Liabilities</b>													
Grants payable	\$ 8,430	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ (1,125)	\$ 7,305
Gift annuity payable	36,250	--	--	--	--	--	--	--	--	--	--	(19,808)	16,442
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	--	--	--	--	(147,489)	(15)	(58,748)	8,125	--	243,852
<b>Total Liabilities</b>	<b>2,111,127</b>	<b>138,124</b>	<b>97,881</b>	<b>45,419</b>	<b>111,980</b>	<b>23,625</b>	<b>--</b>	<b>(190,451)</b>	<b>(18,724)</b>	<b>(58,748)</b>	<b>8,125</b>	<b>(20,937)</b>	<b>2,247,421</b>
<b>Unrestricted Net Assets</b>													
Operating fund	81,348	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	73,389	--	(157,894)	(60,006)	--	(10,000)	--	6,235,121
Designated funds	6,262,842	26,141	--	154,564	382,279	78,306	--	(91,520)	(62,879)	--	--	--	6,749,933
Donor advised funds	965,663	2,550	--	23,833	59,010	12,223	--	(19,303)	(9,815)	--	--	--	1,034,161
Brookton scholarships	81,847	--	--	1,993	4,880	1,058	--	(2,610)	(823)	--	--	--	86,345
Dunkirk scholarships	1,972,452	87,059	--	49,005	121,407	25,218	--	(37,540)	(29,821)	--	(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	230,897	53,387	--	(141,809)	(66,169)	--	--	--	4,079,038
Westfield scholarships	625,818	3,560	--	15,302	37,533	8,182	--	(17,879)	(6,318)	--	--	--	668,198
<b>Subtotal</b>	<b>20,425,578</b>	<b>218,006</b>	<b>--</b>	<b>501,372</b>	<b>1,237,919</b>	<b>261,046</b>	<b>21,087</b>	<b>(492,825)</b>	<b>(322,102)</b>	<b>--</b>	<b>(8,125)</b>	<b>--</b>	<b>21,841,956</b>
Gift annuities	(38,346)	--	--	--	--	14,201	--	--	--	--	--	--	(24,145)
<b>Total Net Assets</b>	<b>20,387,232</b>	<b>218,006</b>	<b>--</b>	<b>501,372</b>	<b>1,237,919</b>	<b>275,247</b>	<b>21,087</b>	<b>(492,825)</b>	<b>(322,102)</b>	<b>--</b>	<b>(8,125)</b>	<b>--</b>	<b>21,817,811</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 22,498,359</b>	<b>\$ 356,130</b>	<b>\$ 97,881</b>	<b>\$ 546,791</b>	<b>\$ 1,349,899</b>	<b>\$ 298,872</b>	<b>\$ 21,087</b>	<b>\$ (683,276)</b>	<b>\$ (340,826)</b>	<b>\$ (58,748)</b>	<b>\$ --</b>	<b>\$ (20,937)</b>	<b>\$ 24,065,232</b>

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

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

Year ended December 31, 2015

	Beginning Liabilities and Net Assets	Contributions	Special Fund - Fundraising Revenues	Investment Income	Realized Gains	Unrealized Gains/(Losses) and Change in CSV		Patron Dues, Miscellaneous Income	Grants	General and Administrative Expenses	Special Fund - Fundraising Expenses	Fund Transfers & Adjustments	Change in Liability	Ending Liabilities and Net Assets
						Gift Annuities	Patron Dues, Miscellaneous Income							
<b>Liabilities</b>														
Grants payable	\$ 1,201	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 7,229	\$ 8,430
Gift annuity payable	36,573	--	--	--	--	--	--	--	--	--	--	--	(1,323)	38,250
Funds held for agencies	1,935,785	19,270	--	41,341	(2,711)	(72,646)	--	(50,481)	(19,030)	--	--	--	--	1,851,528
Funds held for pass-throughs	357,420	98,285	131,670	--	--	--	--	(309,667)	--	(64,789)	--	--	--	212,919
<b>Total Liabilities</b>	<b>2,333,979</b>	<b>117,555</b>	<b>131,670</b>	<b>41,341</b>	<b>(2,711)</b>	<b>(72,646)</b>	<b>--</b>	<b>(360,148)</b>	<b>(19,030)</b>	<b>(64,789)</b>	<b>--</b>	<b>--</b>	<b>5,906</b>	<b>2,111,127</b>
<b>Unrestricted Net Assets</b>														
Operating fund	34,435	6,040	--	181	--	--	20,317	--	(23,136)	--	--	(6,488)	--	31,349
Undesignated - fixed assets	67,215	--	--	--	--	--	--	--	(2,495)	--	--	1,488	--	66,208
Board designated-building reserve	5,000	--	--	--	--	--	--	--	--	--	--	5,000	--	10,000
Community benefit funds	5,979,551	239,292	--	131,498	(10,418)	(233,715)	--	(181,681)	(61,286)	--	--	--	--	5,863,241
Designated funds	6,213,217	365,792	--	134,979	(7,242)	(223,008)	--	(158,795)	(61,201)	--	--	--	--	6,262,842
Donor advised funds	1,011,702	2,008	--	21,724	(1,395)	(38,444)	--	(19,951)	(9,981)	--	--	--	--	965,663
Broton scholarships	87,019	--	--	1,851	(106)	(3,217)	--	(2,850)	(850)	--	--	--	--	81,847
Dunkirk scholarships	2,031,125	54,870	--	43,764	(2,847)	(78,088)	--	(46,700)	(29,672)	--	--	--	--	1,972,452
Fredonia scholarships	704,014	11,584	--	15,164	(1,005)	(27,301)	--	(20,009)	(5,990)	--	--	--	--	675,457
Miscellaneous scholarships	4,077,138	18,736	--	87,742	(5,685)	(157,381)	--	(81,380)	(68,469)	--	--	--	--	3,870,701
Westfield scholarships	662,111	4,200	--	14,135	(859)	(25,144)	--	(22,121)	(6,504)	--	--	--	--	625,818
<b>Subtotal</b>	<b>20,872,527</b>	<b>702,522</b>	<b>--</b>	<b>451,038</b>	<b>(29,557)</b>	<b>(787,198)</b>	<b>20,317</b>	<b>(533,487)</b>	<b>(270,584)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>20,425,578</b>
Gift annuities	(30,589)	--	--	--	--	(7,757)	--	--	--	--	--	--	--	(38,346)
<b>Total Net Assets</b>	<b>20,841,938</b>	<b>702,522</b>	<b>--</b>	<b>451,038</b>	<b>(29,557)</b>	<b>(794,955)</b>	<b>20,317</b>	<b>(533,487)</b>	<b>(270,584)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>20,387,232</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 23,175,917</b>	<b>\$ 820,077</b>	<b>\$ 131,670</b>	<b>\$ 492,379</b>	<b>\$ (32,268)</b>	<b>\$ (867,601)</b>	<b>\$ 20,317</b>	<b>\$ (993,635)</b>	<b>\$ (289,614)</b>	<b>\$ (64,789)</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 5,906</b>	<b>\$ 22,498,359</b>

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