

ECUMENICAL COMMUNITY OF CHAUTAUQUA, INC.

YEARS ENDED DECEMBER 31, 2016 AND 2015

ECUMENICAL COMMUNITY OF CHAUTAUQUA, INC.

TABLE OF CONTENTS

	<u>Page</u>
Accountant's Review Report	1
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	3
Statements of Cash Flows	4
Notes to Financial Statements	5 - 8
Schedules of Operating Expenses	9

KELLY A. DAWSON

— Certified Public Accountant —

2 EAST SECOND STREET, SUITE 400
JAMESTOWN, NEW YORK 14701

(716) 499-6398 FAX (716) 484-4818

Accountant's Review Report

Board of Directors
Ecumenical Community of Chautauqua, Inc.
Chautauqua, New York

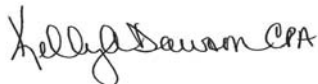
I have reviewed the accompanying statement of financial positions of Ecumenical Community of Chautauqua, Inc. (a non-profit organization) as of December 31, 2016 and 2015, and the related statements of activities and changes in net assets, cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for my report.

Based on my reviews, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

My review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplementary information included in the accompanying schedule of operating expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and I did not become aware of any material modifications that should be made to such information.



KELLY A. DAWSON, CPA
Jamestown, New York
June 21, 2017

ECUMENICAL COMMUNITY OF CHAUTAUQUA, INC.
STATEMENTS OF FINANCIAL POSITION

As of December 31,

2016

2015

ASSETS

Current Assets:

Cash and cash equivalents	\$ 35,788	\$ 33,154
Prepaid expenses	<u>5,240</u>	<u>6,224</u>
Total current assets	41,028	39,378

Donor Restricted and Board Designated Assets:

Cash and cash equivalents	148,888	204,560
Investments	<u>148,427</u>	<u>137,225</u>
Total donor restricted and board designated assets	297,315	341,785

**Property and Equipment, less
accumulated depreciation**

<u>2,293,222</u>	<u>2,241,942</u>
------------------	------------------

Total Assets

<u><u>\$ 2,631,565</u></u>	<u><u>\$ 2,623,105</u></u>
-----------------------------------	-----------------------------------

LIABILITIES AND NET ASSETS

Current Liabilities:

Accrued expenses	<u>\$ 925</u>	<u>\$ 2,371</u>
Total current liabilities	925	2,371

Net Assets:

Unrestricted:

Undesignated	2,329,222	2,278,949
Board Designated	148,427	137,225
Temporarily restricted	<u>152,991</u>	<u>204,560</u>
Total net assets	<u>2,630,640</u>	<u>2,620,734</u>

Total Liabilities and Net Assets

<u><u>\$ 2,631,565</u></u>	<u><u>\$ 2,623,105</u></u>
-----------------------------------	-----------------------------------

ECUMENICAL COMMUNITY OF CHAUTAUQUA, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended December 31,

	2016			2015		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, gains and other support:						
Rental income	\$ 97,835	\$ -	\$ 97,835	\$ 90,675	\$ -	\$ 90,675
Contributions and grants	24,994	65,541	90,535	24,640	94,497	119,137
Income from investments	- -	7,508	7,508	- -	5,975	5,975
Unrealized gain (loss) on investments	6,312	- -	6,312	(10,956)	- -	(10,956)
Realized loss on sale of investments	(2,325)	- -	(2,325)	- -	- -	- -
Miscellaneous income	238	- -	238	416	- -	416
Other net assets released from restrictions	124,618	(124,618)	- -	70,604	(70,604)	- -
Total revenues, gains and other support	251,672	(51,569)	200,103	175,379	29,868	205,247
Operating Expenses:						
Salaries and payroll taxes	18,712	- -	18,712	13,862	- -	13,862
General services	49,778	- -	49,778	47,402	- -	47,402
Administrative and purchased services	45,194	- -	45,194	42,530	- -	42,530
Fundraising	930	- -	930	1,098	- -	1,098
Depreciation	75,583	- -	75,583	71,491	- -	71,491
Total functional expenses	190,197	- -	190,197	176,383	- -	176,383
Change in net assets	61,475	(51,569)	9,906	(1,004)	29,868	28,864
Net assets, beginning of year	2,416,174	204,560	2,620,734	2,417,178	174,692	2,591,870
Net assets, end of year	\$ 2,477,649	\$ 152,991	\$ 2,630,640	\$ 2,416,174	\$ 204,560	\$ 2,620,734

ECUMENICAL COMMUNITY OF CHAUTAUQUA, INC.
STATEMENTS OF CASH FLOWS

For the year ended December 31,

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	<u>\$ 9,906</u>	<u>\$ 28,864</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	75,583	71,491
Net change in unrealized (gains) losses on investments	(6,312)	10,956
Realized loss on sale of investments	2,325	- -
Change in operating assets and liabilities:		
Prepaid expenses	984	(1,124)
Accrued expenses	<u>(1,446)</u>	<u>1,726</u>
Total adjustments	<u>71,134</u>	<u>83,049</u>
 Net cash provided by operating activities	 81,040	 111,913
 Cash flows from investing activities:		
Capital expenditures	(126,863)	(100,413)
(Increase) decrease in donor restricted and board designated assets, net of unrealized and realized gains (losses)	<u>48,457</u>	<u>(35,632)</u>
Net cash used in investing activities	<u>(78,406)</u>	<u>(136,045)</u>
 Net change in cash	 2,634	 (24,132)
 Cash, beginning of year	 <u>33,154</u>	 <u>57,286</u>
 Cash, end of year	 <u>\$ 35,788</u>	 <u>\$ 33,154</u>

ECUMENICAL COMMUNITY OF CHAUTAUQUA, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Ecumenical Community of Chautauqua, Inc. (ECOC) is a not-for-profit Organization that owns and operates three buildings that provide low-cost housing, as well as a place of worship and study, to clergy and religious workers, and the general public on the grounds of Chautauqua Institution, a 750-acre educational center in southwestern New York State.

The ECOC was formed on July 15, 2003, and as further disclosed below, received buildings and investment contributions from The Ministers Union of Chautauqua, which previously operated the buildings.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

Financial Statement Presentation

According to generally accepted accounting principles in the United States, Ecumenical Community of Chautauqua, Inc. is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the Organization is required to present a statement of cash flows. The Organization has no permanently restricted net assets at December 31, 2016 or 2015. Net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor imposed stipulations that may or will be met, either by actions of the Organization and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

Recognition of Donor Restricted Contributions

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction is satisfied during the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in permanently restricted net assets depending on the nature of the restriction. Non-cash contributions are recognized as revenue based upon their fair market value as of the date received.

Property, Equipment and Depreciation

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets.

In an agreement dated August 10, 2004, The Ministers Union of Chautauqua (a nonprofit organization) agreed to transfer all buildings to the ECOC, to operate low-cost housing for clergy and religious workers. The agreement states that the buildings cannot be sold or leased without the consent of Chautauqua Institution. The Organization is located on the Chautauqua Institution grounds and, accordingly, pays an annual rental permit fee to the Institution.

ECUMENICAL COMMUNITY OF CHAUTAUQUA, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Tax Status

The Ecumenical Community of Chautauqua, Inc. is a not-for-profit corporation, organized under the laws of the State of New York, that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). The Organization's returns for 2013 – 2015 are still open for review.

Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts, if material, are computed using a competitive market interest rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included in revenue until such times as the conditions are substantially met and the promises become unconditional.

The Organization considers promises to give to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they are charged to operations when the determination is made.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Organization maintains at various financial institutions cash and cash equivalents which exceed federally insured amounts.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - DONATED SERVICES

The Organization receives a significant amount of donated services from unpaid volunteers who assist in the operations of the Organization. No amounts have been recognized in the statement of activities because the criteria for recognition under generally accepted accounting principles in the United States have not been met.

ECUMENICAL COMMUNITY OF CHAUTAUQUA, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Investments consist of the following:

December 31, 2016

	<u>Cost</u>	<u>Unrealized Loss</u>	<u>Unrealized Gain</u>	<u>Fair Value</u>
Board designated endowment:				
Marketable equity securities	\$ 158,114	\$ 9,835	\$ -	\$ 148,279
Money market	<u>148</u>	<u>-</u>	<u>-</u>	<u>148</u>
Total Board designated endowment	<u>\$ 158,262</u>	<u>\$ 9,835</u>	<u>\$ -</u>	<u>\$ 148,427</u>

December 31, 2015

	<u>Cost</u>	<u>Unrealized Loss</u>	<u>Unrealized Gain</u>	<u>Fair Value</u>
Board designated endowment:				
Marketable equity securities	\$ 119,522	\$ 5,284	\$ -	\$ 114,238
Marketable debt securities	<u>28,405</u>	<u>5,418</u>	<u>-</u>	<u>22,987</u>
Total Board designated endowment	<u>\$ 147,927</u>	<u>\$ 10,702</u>	<u>\$ -</u>	<u>\$ 137,225</u>

The Organization's investments are reported at fair value in the accompanying Statement of Financial Position. Generally accepted accounting principles establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. These valuation techniques are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent resources, while unobservable inputs reflect the Organization's market assumptions. These types of inputs create the following fair value hierarchy: Level 1 inputs consist of quoted prices for identical instruments in active markets, 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 and model-derived valuations whose significant inputs are observable and Level 3 consists on instruments whose significant inputs are unobservable. The Organization uses appropriate valuation techniques based on available inputs to measure the fair value of its investments using Level 1 inputs.

As of December 31, 2016 and 2015, the Board of Directors has designated \$148,427 and \$137,225 of the investments as a general endowment fund to provide a resource for current and future operational expenses of the Organization as well as a scholarship fund. Since these investments resulted from an internal designation and any original donor restrictions have expired or have been waived, the endowment related investments are classified and reported as unrestricted net assets.

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Board designated endowment net assets, beginning	\$ 137,225	\$ 142,417
Interest and dividends earned and reinvested	7,341	5,789
Investment fees	-	(25)
Realized loss on sale of investments	(2,325)	-
Proceeds from sale of investments	27,242	-
Purchase of investments	(27,368)	-
Net appreciation (depreciation)	<u>6,312</u>	<u>(10,956)</u>
Board designated endowment net assets, ending	<u>\$ 148,427</u>	<u>\$ 137,225</u>

ECUMENICAL COMMUNITY OF CHAUTAUQUA, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 4- PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2016</u>	<u>2015</u>
Land and buildings	\$ 1,717,947	\$ 1,717,947
Improvements	1,230,131	1,103,268
Furnishings and awnings	9,508	9,508
Development costs	<u>20,725</u>	<u>20,725</u>
	2,978,311	2,851,448
Less accumulated depreciation	<u>(685,089)</u>	<u>(609,506)</u>
	<u>\$ 2,293,222</u>	<u>\$ 2,241,942</u>

Depreciation expense for the years ended December 31, 2016 and 2015 amounted to \$75,583 and \$71,491, respectively.

NOTE 5 – EFFECT OF CURRENT ECONOMIC CONDITIONS ON CONTRIBUTIONS

The Organization depends heavily on contributions and grants for its revenue. The ability of certain of the Organization's contributors and grantors to continue giving amounts comparable with prior years may be dependent upon current and future overall economic conditions. While the Organization's Board of Directors believes the Organization has the resources to continue its programs, its ability to do so and the extent to which it continues, may be dependent on the above factors.

NOTE 6 – UNRESTRICTED NET ASSETS

Unrestricted net assets consisted of the following at December 31:

	<u>2016</u>	<u>2015</u>
Board designated general reserve funds	\$ 141,966	\$ 128,797
Board designated scholarship fund	6,461	8,428
Undesignated	<u>2,329,949</u>	<u>2,278,949</u>
	<u>\$ 2,477,649</u>	<u>\$ 2,416,174</u>

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following periods or purposes at December 31:

	<u>2016</u>	<u>2015</u>
Capital improvements – building fund	<u>\$ 148,888</u>	<u>\$ 204,560</u>

NOTE 8 – DATE OF MANAGEMENT'S REVIEW

The Organization has evaluated events and transactions through June 21, 2017, the date the financial statements were available to be issued.

ECUMENICAL COMMUNITY OF CHAUTAUQUA, INC.
SCHEDULES OF OPERATING EXPENSES

Year ended December, 31	<u>2016</u>	<u>2015</u>
Salaries and Payroll Taxes:		
Salary and wages	\$ 14,400	\$ 12,205
Payroll taxes and unemployment insurance	<u>4,312</u>	<u>1,657</u>
	18,712	13,862
General Services:		
Repairs and maintenance	17,305	7,318
Utilities	8,169	10,875
Service charges and trash	4,028	4,048
Contracted cleaning	7,237	5,700
Kitchen and cleaning supplies	1,260	2,548
Laundry	591	1,106
Fire alarm system	1,918	1,941
Real estate taxes	1,163	1,238
Furnishings	5,707	10,228
Other Contracted Services	<u>2,400</u>	<u>2,400</u>
	49,778	47,402
Administrative and Purchased Services:		
Insurance	20,026	20,389
Professional services	2,970	4,870
Gate passes and parking	6,667	6,161
Rental permit	1,536	1,536
Telephone and internet	2,728	2,079
Miscellaneous	4,643	1,112
Office supplies	3,759	3,105
Postage and printing	639	796
Newsletter	1,956	2,173
Bank charges	136	168
Automobile expenses	<u>134</u>	<u>141</u>
	45,194	42,530
Fundraising:		
Development expenses	930	1,098
Depreciation	<u>75,583</u>	<u>71,491</u>
Total expenses	<u>\$ 190,197</u>	<u>\$ 176,383</u>