

ECUMENICAL COMMUNITY OF CHAUTAUQUA, INC.

YEARS ENDED DECEMBER 31, 2017 AND 2016

ECUMENICAL COMMUNITY OF CHAUTAUQUA, INC.

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Independent 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, 2017 and 2016, 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's Responsibility for the Financial Statements

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.

Accountant's Responsibility

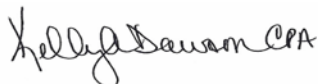
My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications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

Accountant's Conclusion

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.

Supplementary Information

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
May 30, 2018

ECUMENICAL COMMUNITY OF CHAUTAUQUA, INC.
STATEMENTS OF FINANCIAL POSITION

As of December 31,

2017

2016

ASSETS

Current Assets:

Cash and cash equivalents	\$ 44,563	\$ 35,788
Prepaid expenses	<u>4,419</u>	<u>5,240</u>
Total current assets	48,982	41,028

Donor Restricted and Board Designated Assets:

Cash and cash equivalents	136,038	148,888
Investments	<u>167,877</u>	<u>148,427</u>
Total donor restricted and board designated assets	303,915	297,315

**Property and Equipment, less
accumulated depreciation**

	<u>2,291,909</u>	<u>2,293,222</u>
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Total Assets

	<u><u>2,644,806</u></u>	<u><u>2,631,565</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accrued expenses	<u>\$ 1,671</u>	<u>\$ 925</u>
Total current liabilities	1,671	925

Net Assets:

Unrestricted:

Undesignated	2,339,220	2,329,222
Board Designated	167,877	148,427
Temporarily restricted	<u>136,038</u>	<u>152,991</u>
Total net assets	<u>2,643,135</u>	<u>2,630,640</u>

Total Liabilities and Net Assets

	<u><u>2,644,806</u></u>	<u><u>2,631,565</u></u>
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ECUMENICAL COMMUNITY OF CHAUTAUQUA, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended December 31,

	<u>2017</u>			<u>2016</u>		
	<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	\$ 105,387	\$ -	\$ 105,387	\$ 97,835	\$ -	\$ 97,835
Contributions and grants	63,141	22,258	85,399	24,994	65,541	90,535
Income from investments	--	8,693	8,693	--	7,508	7,508
Unrealized gain on investments	11,915	--	11,915	6,312	--	6,312
Realized loss on sale of investments	(834)	--	(834)	(2,325)	--	(2,325)
Miscellaneous income	197	--	197	238	--	238
Other net assets released from restrictions	47,904	(47,904)	--	124,618	(124,618)	--
Total revenues, gains and other support	227,710	(16,953)	210,757	251,672	(51,569)	200,103
Operating Expenses:						
Salaries and payroll taxes	22,038	--	22,038	18,712	--	18,712
General services	48,392	--	48,392	49,778	--	49,778
Administrative and purchased services	48,488	--	48,488	45,194	--	45,194
Fundraising	38	--	38	930	--	930
Depreciation	79,306	--	79,306	75,583	--	75,583
Total functional expenses	198,262	--	198,262	190,197	--	190,197
Change in net assets	29,448	(16,953)	12,495	61,475	(51,569)	9,906
Net assets, beginning of year	2,477,649	152,991	2,630,640	2,416,174	204,560	2,620,734
Net assets, end of year	\$ 2,507,097	\$ 136,038	\$ 2,643,135	\$ 2,477,649	\$ 152,991	\$ 2,630,640

ECUMENICAL COMMUNITY OF CHAUTAUQUA, INC.
STATEMENTS OF CASH FLOWS

For the year ended December 31,

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	<u>\$ 12,495</u>	<u>\$ 9,906</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	79,306	75,583
Net change in unrealized gains on investments	(11,915)	(6,312)
Realized loss on sale of investments	834	2,325
Change in operating assets and liabilities:		
Prepaid expenses	821	984
Accrued expenses	<u>746</u>	<u>(1,446)</u>
Total adjustments	<u>69,792</u>	<u>71,134</u>
Net cash provided by operating activities	82,287	81,040
Cash flows from investing activities:		
Capital expenditures	(77,993)	(126,863)
(Increase) decrease in donor restricted and board designated assets, net of unrealized and realized gains (losses)	<u>4,481</u>	<u>48,457</u>
Net cash used in investing activities	<u>(73,512)</u>	<u>(78,406)</u>
Net change in cash	8,775	2,634
Cash, beginning of year	<u>35,788</u>	<u>33,154</u>
Cash, end of year	<u>\$ 44,563</u>	<u>\$ 35,788</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, 2017 or 2016. 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 temporarily or 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 or fair value if donated. 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 2014 – 2016 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:

<u>December 31, 2017</u>	<u>Cost</u>	<u>Unrealized Loss</u>	<u>Unrealized Gain</u>	<u>Fair Value</u>
Board designated endowment:				
Marketable equity securities	\$ 165,818	\$ 3,538	\$ 5,597	\$ 167,877
<u>December 31, 2016</u>				
Board designated endowment:				
Marketable equity securities	\$ 158,114	\$ 9,835	\$ -	\$ 148,279
Marketable debt securities	148	-	-	148
Total Board designated endowment	<u>\$ 158,262</u>	<u>\$ 9,835</u>	<u>\$ -</u>	<u>\$ 148,427</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, 2017 and 2016, the Board of Directors has designated \$167,877 and \$148,427 of the investments as a general quasi-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, 2017</u>	<u>December 31, 2016</u>
Board designated endowment net assets, beginning	\$ 148,427	\$ 137,225
Interest and dividends earned and reinvested	8,396	7,341
Investment fees	-	-
Realized loss on sale of investments	(834)	(2,325)
Proceeds from sale of investments	27,000	27,242
Purchase of investments	(27,027)	(27,368)
Net appreciation (depreciation)	<u>11,915</u>	<u>6,312</u>
Board designated endowment net assets, ending	<u>\$ 167,877</u>	<u>\$ 148,427</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>2017</u>	<u>2016</u>
Land and buildings	\$ 1,795,940	\$ 1,717,947
Improvements	1,230,131	1,230,131
Furnishings and awnings	9,508	9,508
Development costs	<u>20,725</u>	<u>20,725</u>
	3,056,304	2,978,311
Less accumulated depreciation	<u>(764,395)</u>	<u>(685,089)</u>
	<u>\$ 2,291,909</u>	<u>\$ 2,293,222</u>

Depreciation expense for the years ended December 31, 2017 and 2016 amounted to \$79,306 and \$75,583, respectively. The Organization follows the practice of capitalizing all expenditures for equipment in excess of \$500.

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>2017</u>	<u>2016</u>
Board designated general reserve funds	\$ 155,741	\$ 141,966
Board designated scholarship fund	12,136	6,461
Undesignated	<u>2,339,220</u>	<u>2,329,949</u>
	<u>\$ 2,507,097</u>	<u>\$ 2,477,649</u>

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2017</u>	<u>2016</u>
Capital improvements – building fund	<u>\$ 136,038</u>	<u>\$ 148,888</u>

NOTE 8 – DATE OF MANAGEMENT’S REVIEW

The Organization has evaluated events and transactions through May 30, 2018, the date the financial statements were available to be issued.

ECUMENICAL COMMUNITY OF CHAUTAUQUA, INC.
SCHEDULES OF OPERATING EXPENSES

Year ended December, 31	<u>2017</u>	<u>2016</u>
Salaries and Payroll Taxes:		
Salary and wages	\$ 19,450	\$ 14,400
Payroll taxes and unemployment insurance	<u>2,588</u>	<u>4,312</u>
	22,038	18,712
General Services:		
Repairs and maintenance	19,234	17,305
Utilities	8,584	8,169
Service charges and trash	4,095	4,028
Contracted cleaning	6,237	7,237
Kitchen and cleaning supplies	2,993	1,260
Laundry	1,004	591
Fire alarm system	1,357	1,918
Real estate taxes	1,195	1,163
Furnishings	1,293	5,707
Other Contracted Services	<u>2,400</u>	<u>2,400</u>
	48,392	49,778
Administrative and Purchased Services:		
Insurance	22,886	20,026
Professional services	2,970	2,970
Gate passes and parking	7,427	6,667
Rental permit	1,564	1,536
Telephone and internet	2,588	2,728
Miscellaneous	3,802	4,643
Office supplies	3,445	3,759
Postage and printing	1,374	639
Newsletter	1,952	1,956
Bank charges	86	136
Automobile expenses	<u>394</u>	<u>134</u>
	48,488	45,194
Fundraising:		
Development expenses	38	930
Depreciation		
	<u>79,306</u>	<u>75,583</u>
Total expenses	<u><u>\$ 198,262</u></u>	<u><u>\$ 190,197</u></u>