

# Community Foundation of North Central Florida, Inc.

Financial Statements  
And  
Independent Auditors' Reports  
December 31, 2013 and 2012

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# Kattell and Company, P.L.

*Serving the Nonprofit Community*

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Community Foundation of North Central Florida, Inc.  
Gainesville, Florida

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### Report on the Financial Statements

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We have audited the accompanying financial statements of the Community Foundation of North Central Florida, Inc. (the Corporation), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities, cash flows, and functional expenses 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 the Community Foundation of North Central Florida, Inc. as of December 31, 2013 and 2012, 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.

*Kattell and Company, P.L.*

August XX, 2014

Gainesville, Florida

*“Not everything that counts can be counted, and not everything that can be counted counts.”*

- Albert Einstein

**Statements of Financial Position**  
**December 31, 2013 and 2012**  
**Community Foundation of North Central Florida, Inc.**

Assets	2013	2012
Cash and Equivalents:		
Checking	\$ 276,366	\$ 623,487
Money Market	196,088	141,525
Total Cash and Equivalents	472,454	765,012
Investments in Securities:		
SunTrust Investment Account	5,229	3,027
UBS/ML Investment Account	243,817	232,675
Fidelity Investment Accounts	6,941,333	5,782,205
Total Investments	7,190,379	6,017,907
Pledge Receivable	426,550	--
Prepaid Expense	14,096	6,650
Office Furniture and Equipment, Net	--	6,063
Construction in Progress – Building	647,690	--
Mortgage Receivable, Net	533,684	537,129
Interest in Gatorade Trust	3,854,000	3,854,000
Land - Patient's Park	90,000	90,000
<b>Total Assets</b>	<b>\$ 13,228,853</b>	<b>\$ 11,276,761</b>
Liabilities and Net Assets		
Liabilities:		
Accounts Payable	\$ 65,806	\$ 5,997
Agency Funds Payable	2,208,977	1,814,336
Mortgage Note Payable	496,520	--
<b>Total Liabilities</b>	<b>2,771,303</b>	<b>1,820,333</b>
Net Assets:		
Unrestricted	1,035,436	898,155
Temporarily Restricted	1,443,791	808,772
Permanently Restricted	7,978,323	7,749,501
<b>Total Net Assets</b>	<b>10,457,550</b>	<b>9,456,428</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 13,228,853</b>	<b>\$ 11,276,761</b>

*See accompanying notes.*

**Statement of Activities**  
**For the Year Ended December 31, 2013**  
**Community Foundation of North Central Florida, Inc.**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Support and Revenues:</b>				
Contributions	\$ 238,326	\$ 573,754	\$ 31,785	\$ 843,865
Royalty Income – Gatorade Trust	623,868	--	--	623,868
Other Investment Income:				
Interest on Deposits	528	--	--	528
Interest and Dividends from Investments	39,016	17,914	19,033	75,963
Interest on Mortgage Receivable	--	42,846	--	42,846
Fund Administration Fee	56,221	--	(19,263)	36,958
Reclassifications:				
Donor Restriction Released	48,945	--	(48,945)	--
Satisfaction of Purpose Restrictions	324,455	(324,455)	--	--
<b>Total Support and Revenues</b>	<b>1,331,359</b>	<b>310,059</b>	<b>(17,390)</b>	<b>1,624,028</b>
<b>Expenses:</b>				
Program Services:				
Grants	919,631	--	--	919,631
Expenses	45,044	--	--	45,044
Allocated Overhead	44,067	--	--	44,067
Total Program Expenses	1,008,742	--	--	1,008,742
Supporting Activities:				
Management and General	114,380	--	--	114,380
Fundraising	108,924	--	--	108,924
<b>Total Expenses</b>	<b>1,232,046</b>	<b>--</b>	<b>--</b>	<b>1,232,046</b>
Change in Net Assets before Gains and Losses	99,313	310,059	(17,390)	391,982
Gain/(Loss) on Investments	37,968	324,960	246,212	609,140
Gain/(Loss) on Interest in Gatorade Trust	--	--	--	--
<b>Change in Net Assets</b>	<b>137,281</b>	<b>635,019</b>	<b>228,822</b>	<b>1,001,122</b>
<b>Net Assets, January 1, 2013</b>	<b>898,155</b>	<b>808,772</b>	<b>7,749,501</b>	<b>9,456,428</b>
<b>Net Assets, December 31, 2013</b>	<b>\$ 1,035,436</b>	<b>\$ 1,443,791</b>	<b>\$ 7,978,323</b>	<b>\$10,457,550</b>

*See accompanying notes.*

**Statement of Activities**  
**For the Year Ended December 31, 2012**  
**Community Foundation of North Central Florida, Inc.**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Support and Revenues:</b>				
Contributions	\$ 183,447	\$ 183,226	\$ 176,823	\$ 543,496
Royalty Income – Gatorade Trust	638,133	--	--	638,133
Other Investment Income:				
Interest on Deposits	336	--	--	336
Interest and Dividends from Investments	38,682	35,105	1,597	75,384
Interest on Mortgage Receivable	--	43,110	--	43,110
Fund Administration Fee	27,075	--	(9,093)	17,982
Other Income	4,350	--	--	4,350
Reclassifications:				
Donor Restriction Released	45,452	--	(45,452)	--
Satisfaction of Purpose Restrictions	267,583	(267,583)	--	--
<b>Total Support and Revenues</b>	<b>1,205,058</b>	<b>(6,142)</b>	<b>123,875</b>	<b>1,322,791</b>
<b>Expenses:</b>				
Program Services:				
Grants	723,553	--	--	723,553
Expenses	59,507	--	--	59,507
Allocated Overhead	53,540	--	--	53,540
Total Program Expenses	836,600	--	--	836,600
Supporting Activities:				
Management and General	116,847	--	--	116,847
Fundraising	110,163	--	--	110,163
<b>Total Expenses</b>	<b>1,063,610</b>	<b>--</b>	<b>--</b>	<b>1,063,610</b>
Change in Net Assets before Gains and Losses	141,448	(6,142)	123,875	259,181
Gain/(Loss) on Investments	65,809	146,105	124,117	336,031
Gain/(Loss) on Interest in Gatorade Trust	--	--	117,026	117,026
<b>Change in Net Assets</b>	<b>207,257</b>	<b>139,963</b>	<b>365,018</b>	<b>712,238</b>
<b>Net Assets, January 1, 2012</b>	<b>690,898</b>	<b>668,809</b>	<b>7,384,483</b>	<b>8,744,190</b>
<b>Net Assets, December 31, 2012</b>	<b>\$ 898,155</b>	<b>\$ 808,772</b>	<b>\$ 7,749,501</b>	<b>\$ 9,456,428</b>

*See accompanying notes.*

**Statements of Cash Flows**  
**For the Years Ended December 31, 2013 and 2012**  
**Community Foundation of North Central Florida, Inc.**

	<u>2013</u>	<u>2012</u>
<b>Cash Flows from Operating Activities:</b>		
Change in Net Assets	\$ 1,001,122	\$ 712,238
Adjustments:		
Net (Gain)/Loss on Investments	(609,140)	(336,031)
(Gain)/Loss on Interest in Gatorade Trust	--	(117,026)
Contributions Restricted to Long-Term Investment:		
Cash Contributions During the Year	(81,785)	(176,823)
Loan Discount Amortization	(5,236)	(4,974)
Depreciation Expense	6,063	2,843
Changes In:		
Pledges Receivable	(426,550)	5,260
Prepaid Expense	(7,446)	(5,000)
Accounts Payable	59,809	1,704
Agency Funds	394,641	189,561
	<b>331,478</b>	<b>271,752</b>
Net Cash Provided by (Used in) Operating Activities		
	<b>331,478</b>	<b>271,752</b>
<b>Cash Flows from Investing Activities:</b>		
Securities Purchased	(1,916,998)	(532,756)
Securities Sold	1,353,666	414,171
Mortgage Loan Collections	8,681	8,155
Construction in Progress	(647,690)	--
Office Furniture and Equipment Purchased	--	(3,128)
	<b>(1,202,341)</b>	<b>(113,558)</b>
Net Cash Provided by (Used In) Investing Activities		
	<b>(1,202,341)</b>	<b>(113,558)</b>
<b>Cash Flows from Financing Activities:</b>		
Proceeds from Notes Payable	516,975	--
Payments on Notes Payable	(20,455)	--
Contributions Restricted to Long-Term Investment:		
Change in Pledge Receivable	--	100,000
Other Cash Contributions During the Year	81,785	176,823
	<b>578,305</b>	<b>276,823</b>
Net Cash Flows from Financing Activities		
	<b>578,305</b>	<b>276,823</b>
<b>Net Change in Cash and Equivalents</b>	<b>(292,558)</b>	<b>435,017</b>
<b>Cash, Beginning of Year</b>	<b>765,012</b>	<b>329,995</b>
<b>Cash, End of Year</b>	<b>\$ 472,454</b>	<b>\$ 765,012</b>
Amount of Interest Cost Paid	\$ 4,773	\$ --

*See accompanying notes.*

**Statements of Functional Expenses**  
**For the Years Ended December 31, 2013 and 2012**  
**Community Foundation of North Central Florida, Inc.**

	2013			
	Program	Management	Fund	
	Services	and General	Raising	Totals
Salaries and Benefits	\$ 27,196	\$ 46,234	\$ 62,552	\$ 135,982
Grants to Other Organizations	919,631	--	--	919,631
Direct Program Expenses	45,044	--	--	45,044
Advertising	299	509	688	1,496
Depreciation	1,213	2,061	2,789	6,063
Interest Expense	955	1,623	2,195	4,773
Insurance	563	958	1,296	2,817
Investment Management Fees	--	15,628	--	15,628
Occupancy	2,818	4,790	6,481	14,089
Office Expense	3,622	6,157	8,330	18,109
Professional Fees	219	25,798	--	26,017
Special Events	934	--	10,222	11,156
Technology	5,804	9,868	13,350	29,022
Travel	444	754	1,021	2,219
<b>TOTALS</b>	<b><u>\$ 1,008,742</u></b>	<b><u>\$ 114,380</u></b>	<b><u>\$ 108,924</u></b>	<b><u>\$ 1,232,046</u></b>

	2012			
	Program	Management	Fund	
	Services	and General	Raising	Totals
Salaries and Benefits	\$ 33,050	\$ 49,574	\$ 67,602	\$ 150,226
Grants to Other Organizations	723,553	--	--	723,553
Direct Program Expenses	59,507	--	--	59,507
Advertising	1,787	2,680	3,655	8,122
Depreciation	626	938	1,279	2,843
Insurance	473	709	967	2,149
Investment Management Fees	--	12,331	--	12,331
Occupancy	3,880	5,819	7,936	17,635
Office Expense	5,649	8,477	13,910	28,036
Professional Fees	2,675	29,803	--	32,478
Special Events	1,056	--	5,930	6,986
Technology	3,501	5,252	7,161	15,914
Travel	843	1,264	1,723	3,830
<b>TOTALS</b>	<b><u>\$ 836,600</u></b>	<b><u>\$ 116,847</u></b>	<b><u>\$ 110,163</u></b>	<b><u>\$ 1,063,610</u></b>

*See accompanying notes.*

**Notes to Financial Statements**  
**December 31, 2013 and 2012**  
**Community Foundation of North Central Florida, Inc.**

**NOTE 1 – Summary of Significant Accounting Policies**

Entity

The Community Foundation of North Central Florida, Inc. (the Corporation) is a nonprofit corporation organized under the Florida Not-For-Profit Corporation Act. The mission of the Corporation is to promote and sustain philanthropy among the citizens of Gainesville and the surrounding area. The Corporation:

- Serves as a leader, catalyst and center for education on philanthropy,
- Strives to broaden the base of philanthropic giving,
- Provides flexible and cost-effective strategies for donors,
- Builds and preserves an endowment to address the changing needs of the community,
- Promotes and facilitates partnerships among nonprofit organizations, and
- Works toward measurable community improvement through strategic grant-making.

Tax Exempt Status

The Corporation is tax exempt under Section 501(c)(3) of the Internal Revenue Code and does not earn any unrelated business taxable income. Therefore, no provision for income taxes is reflected in the accompanying financial statements. In addition, The Corporation qualifies for the charitable contributions deduction and has been classified by the Internal Revenue Service as an organization that is not a private foundation. The Corporation is operated exclusively for charitable, scientific and educational purposes. The Corporation holds no uncertain tax positions and, therefore, has no policy for evaluating them. The Corporation's Form 990, *Return of Organization Exempt from Income Taxes*, is subject to examination by the IRS, generally for three years after the date filed.

Basis of Accounting

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

Cash and Cash Equivalents

Cash consists of cash on hand and deposits in federally insured banks.

Investments and Investment Policies

All investment securities have readily determinable fair values and are reported at fair value.

The Corporation's investment objective is to develop an investment portfolio that has a good probability of providing 5% distributions and maintaining its purchasing power, taking into account the impact of inflation. The Corporation recognizes there will be investment risk in order to achieve returns in excess of the "risk-free" rate of return of instruments such as Treasury Bills. Investment risk takes many forms, including interest rate risk, default risk, and market risk. However, the greater risk is not being able to achieve the goals and objectives of the portfolio. Absent specific donor restrictions to the contrary, the Corporation provides the following three alternatives for investment of assets:

1. Short-term assets will be held in cash, certificates of deposit, money market funds, treasuries, and short-term high quality fixed-income funds.
2. Assets which are planned to be held for a longer term will be invested in a portfolio consisting of approximately 60% equities and 40% fixed-income.
3. Assets which are planned to be held permanently will be invested in a portfolio consisting of approximately 80% equities and 20% fixed-income.

Pledges Receivable

Pledges receivable represent the uncollected portion of unconditional promises to give. The Corporation records receivables at net realizable value using the allowance method. Pledges receivable are considered fully collectable.

Office Furniture and Equipment

The Corporation capitalizes office furniture and equipment costing more than \$500. In 2013, this threshold was increased to \$2,500. Depreciation is computed using the straight-line method over estimated useful lives of five years.

Land

Land is reported at cost or, if donated, at the approximate fair value at the date of donation.



**Notes to Financial Statements**  
**December 31, 2013 and 2012**  
**Community Foundation of North Central Florida, Inc.**

**NOTE 1 – Summary of Significant Accounting Policies (continued)**

Accounting for Net Assets

The Corporation's net assets, the excess of assets over liabilities, are reported in three mutually exclusive classes:

- **Permanently Restricted.** Those net assets resulting from inflows of assets whose use is limited by donor-imposed restrictions which do not expire by passage of time or cannot be fulfilled by actions of the Corporation.
- **Temporarily Restricted.** Those net assets resulting from inflows of assets whose use is limited by donor-imposed restrictions which expire by passage of time or are fulfilled by actions of the Corporation.
- **Unrestricted.** Those net assets that are neither permanently nor temporarily restricted. The Corporation has elected to separately display the portion of its unrestricted net assets that are donor advised funds in Note 10. These amounts are not donor restricted; however, the Corporation intends to honor donor advice that does not conflict with the Corporation's charitable purposes.

(Please note that the above are accounting definitions that should be used and understood only in the context of these financial statements. They are not legal definitions and should not be used to interpret legal requirements or limitations.)

Endowment Funds

Generally accepted accounting principles define an endowment fund as an established fund of cash, securities or other assets to provide income for the maintenance of a not-for-profit organization (NPO). The use of the assets of the fund may be permanently or temporarily restricted based on 1) the presence or absence of donor restrictions, or 2) the provisions of state law. In addition, the Board of a NPO may earmark a portion of its unrestricted net assets as a board-designated endowment to be invested to provide income for the NPOs operations and programs. The Corporation does not currently hold any board designated endowments.

The Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) includes the following provision: *Unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the institution.* The Corporation has interpreted FUPMIFA to require investment earnings in excess of the fair value of the original gift to be treated as temporarily restricted net assets until appropriated for expenditure by the Board of Directors. This represents a time restriction.

The vast majority of the Corporation's endowment assets (96%) are held in donor advised funds. The remainder are held in six field of interest funds and in the general endowment. The Corporation currently has no policy regarding the appropriation of endowment assets for expenditure. Rather, the Corporation looks to the fund agreements and receives advice from donors regarding distributions to be made.

Contributions

- **Measurement.** Contributions are measured at fair value at the date of donation.
- **Donor Restrictions.** The Corporation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. However, donor-restricted contributions whose restrictions are met within the same fiscal year are reported as unrestricted support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as "net assets released from restrictions."
- **Contributed Services.** Contributions of services are recognized when received if the services (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Although the Corporation received significant contributions of time from its Board of Directors, none of these services were recorded since they did not meet the criteria for recognition.

Investment Income and Gains

Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the income and gains are earned.

**Notes to Financial Statements**  
**December 31, 2013 and 2012**  
**Community Foundation of North Central Florida, Inc.**

**NOTE 1 – Summary of Significant Accounting Policies (concluded)**

Expense Classifications

Direct expenses are assigned to the various functional categories based on the purpose achieved by each expense. Overhead expenses are allocated to more than one functional category in accordance with an estimate of the relative benefit received by the expenses. Overhead expenses consist mainly of certain personnel, occupancy and office costs. Expenses are classified in the following functional categories:

- **Program Grants** – contributions made to entities which promote charitable activities.
- **Program Expenses** – the amounts consist of the expenditure of funds in accordance with donor stipulations or in furtherance of field of interest objectives.
- **Allocated Overhead** – expenses that can be reasonably allocated to programmatic activities. These expenses are allocated based on an estimate of the amount of staff time devoted to programmatic activities.
- **Management and General** – all expenses required to conduct the affairs of the Corporation which are not allocable to other functional areas.
- **Fundraising Expenses** – expenses relating to fund-raising and public relations efforts.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from the estimates that were used.

**NOTE 2 – Deposit Credit Risk**

The Corporation held \$315,109 and \$776,676 in excess of FDIC insurance coverage as of December 31, 2013 and 2012, respectively.

**NOTE 3 – Pledge Receivable**

Pledge receivable represents a pledge that is expected to be received over the next five years as follows:

2014	\$ 50,000
2015	100,000
2016	100,000
2017	100,000
2018	100,000
Total Gross Pledges Receivable	450,000
Less - Unamortized discount	(23,450)
<b>Pledges Receivable, Net</b>	<b><u>\$ 426,550</u></b>

The net amount expected to be received is discounted at an estimated risk adjusted rate of 2%.

**NOTE 4 – Office Furniture and Equipment**

Office furniture and equipment is reported net of \$3,217 and \$13,514 in accumulated depreciation at December 31, 2013 and 2012, respectively.

**NOTE 5 – Land – Patient’s Park**

The Corporation received a donation of approximately 18 acres of land in northwest Gainesville, Florida. The Donor restricted the property to perpetual use as a public park and has pledged to pay all operating costs of the park, including insurance, taxes, and maintenance.

**Notes to Financial Statements**  
**December 31, 2013 and 2012**  
**Community Foundation of North Central Florida, Inc.**

**NOTE 6 – Investments**

The following provides a summary of amounts held:

	<u>Investments</u>	<u>Cash</u>	<u>Total</u>
<b>At December 31, 2013</b>			
SunTrust	\$ 4,066	\$ 1,163	\$ 5,229
Merrill Lynch	206,644	37,173	243,817
Fidelity	6,836,527	104,806	6,941,333
<b>Total</b>	<b><u>\$ 7,047,237</u></b>	<b><u>\$ 143,142</u></b>	<b><u>\$ 7,190,379</u></b>
<b>At December 31, 2012</b>			
SunTrust	\$ 1,861	\$ 1,166	\$ 3,027
Merrill Lynch	224,958	7,717	232,675
Fidelity	5,657,723	124,482	5,782,205
<b>Total</b>	<b><u>\$ 5,884,542</u></b>	<b><u>\$ 133,365</u></b>	<b><u>\$ 6,017,907</u></b>

Investments are held as follows:

	<u>2013</u>	<u>2012</u>
<b>Mutual Funds – Fixed Income:</b>		
Merrill Lynch	\$ 158,777	\$ 179,709
Fidelity	2,537,198	2,440,228
<b>Mutual Funds – Equities:</b>		
SunTrust	4,066	1,861
Merrill Lynch	47,867	45,249
Fidelity	4,299,329	3,217,495
<b>Total Investments</b>	<b><u>\$ 7,047,237</u></b>	<b><u>\$ 5,884,542</u></b>

Net return on investment consists of the following:

	<u>2013</u>	<u>2012</u>
Interest and Dividends	\$ 105,894	\$ 110,450
Investment Management Fees	(19,644)	(15,541)
Net Gain/(Loss)	827,397	483,399
<b>Total Return on Investments</b>	<b><u>\$ 913,647</u></b>	<b><u>\$ 578,308</u></b>

These amounts are reported in the financial statements as follows:

	<u>2013</u>	<u>2012</u>
Interest and Dividends from Investments	\$ 75,963	\$ 75,384
Investment Fees – General and Administrative Expenses	(15,628)	(12,331)
Net Gain/(Loss) – Statement of Activities	609,140	336,031
Change in Agency Payable:		
Interest and Dividends	29,931	35,066
General and Administrative Expenses	(4,016)	(3,210)
Net Gain/(Loss)	218,257	147,368
<b>Total Return on Investments</b>	<b><u>\$ 913,647</u></b>	<b><u>\$ 578,308</u></b>

**Notes to Financial Statements**  
**December 31, 2013 and 2012**  
**Community Foundation of North Central Florida, Inc.**

**NOTE 7 – Interest in Gatorade Trust**

The Corporation holds one unit of interest in the Gatorade Trust (the Trust). This unit entitles the Corporation to a proportionate share of the income from the Trust. Income from the Trust is recognized as royalty revenue when received. The donor of the Trust has advised that 10% of royalties are unrestricted and 90% are to be added to a donor advised fund. The Corporation may sell its unit only with the approval of two-thirds of the remaining interests in the Trust.

The fair value of the Corporation's interest is estimated each year and any changes are reported as a change in the interest – see Note 8 for more details. Any differential between projected earnings and actual earnings will have a direct affect on estimated fair value.

**NOTE 8 – Fair Value Measurements**

Assets measured at fair value on a recurring basis include Investments in Securities and Interest in Gatorade Trust.

The fair value of the Corporation's Investments in Securities is determined by reference to quoted prices in active markets for identical assets and other relevant information generated by market transactions. According to generally accepted accounting principles, this method of valuation uses Level 1 inputs.

The fair value of the Interest in Gatorade Trust is determined by obtaining a certified valuation every three years. A valuation was obtained for December 31, 2010. The valuation is based, in part, on an estimate of future royalty receipts. For the years when an a valuation is not obtained, the Corporation estimates future royalty receipts and applies a multiplier (6.04 for 2012 and 2011) to estimate the value at which the Corporation would be able to transfer its interest. Any differential between projected and actual royalty receipts will have a direct affect on estimated fair value. This method of valuation uses Level 3 inputs, as that term is defined in generally accepted accounting principles.

The level of inputs used and the fair value measurement for assets valued on a recurring basis are as follows:

<b>2013</b>	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Marketable Securities	\$ 7,190,379	\$ --	\$ 7,190,379
Interest in Gatorade Trust		3,854,000	3,854,000
<b>Total</b>	<b><u>\$ 7,190,379</u></b>	<b><u>\$ 3,854,000</u></b>	<b><u>\$11,044,379</u></b>
<b>2012</b>	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Marketable Securities	\$ 6,017,907	\$ --	\$ 6,017,907
Interest in Gatorade Trust	--	3,854,000	3,854,000
<b>Total</b>	<b><u>\$ 6,017,907</u></b>	<b><u>\$ 3,854,000</u></b>	<b><u>\$ 9,871,907</u></b>

Changes in the valuation of Interest in Gatorade Trust, if any, are reported on the Statement of Activities as Gain/(Loss) on Interest in Gatorade Trust.

**Notes to Financial Statements**  
**December 31, 2013 and 2012**  
**Community Foundation of North Central Florida, Inc.**

**NOTE 9 – Mortgage Receivable**

The Corporation loaned \$800,000 to a local charity in 2006. The charity used the proceeds to purchase a facility to house its operations. The Corporation obtained a promissory note that is secured by the purchased property. The note calls for monthly payments of \$3,858 at a 5% fixed rate of interest for forty years. Future cash flows are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2014	\$ 9,125	\$ 37,166	\$ 46,291
2015	9,592	36,699	46,291
2016	9,979	36,312	46,291
2017	10,593	35,698	46,291
2018	11,135	35,156	46,291
2019	11,705	34,586	46,291
2020	12,206	34,085	46,291
2021	13,589	32,702	46,291
2022-2026	75,165	156,290	231,455
2027-2031	96,469	134,986	231,455
2032-2036	123,758	107,697	231,455
2037-2041	158,925	72,530	231,455
2042-2046	205,254	28,020	233,274
<b>Totals</b>	<b><u>\$ 747,495</u></b>	<b><u>\$ 781,927</u></b>	<b><u>\$ 1,529,422</u></b>

The Corporation recorded a discount on the date the loan was made. The discount reflects the contribution inherent in the below market rate of the loan. It is computed as the difference between the present value of the loan at the stated interest rate of 5% and the present value of the loan at a fair market rate, estimated to be 8% at the date of the loan. Using the effective interest rate method, the Corporation will amortize the discount into interest income over the life of the loan. The loan is reported on the Statement of Financial Position as:

	<u>2013</u>	<u>2012</u>
Unpaid principal	\$ 747,495	\$ 756,176
Unamortized discount	(213,811)	(219,047)
<b>Net amount reported</b>	<b><u>\$ 533,684</u></b>	<b><u>\$ 537,129</u></b>

**NOTE 10 – Mortgage Note Payable**

The Corporation borrowed funds for the purchase, design and renovation of a condo for office space. The loan was disbursed as needed to pay construction costs and was not fully used until early 2014.

Loan balance at December 31, 2013	\$ 496,520
Draws from loan in 2014	<u>49,417</u>
<b>Total Loan</b>	<b><u>\$ 545,937</u></b>

The loan is secured by real property and bears interest at 4.25%. Terms on the loan call for one annual payment for each of the next five years. The following is a summary of payments due:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 26,935	\$ 23,065	\$ 50,000
2015	77,508	22,492	100,000
2016	80,867	19,133	100,000
2017	84,371	15,629	100,000
2018	276,256	10,784	287,040
<b>Total</b>	<b><u>\$ 545,937</u></b>	<b><u>\$ 91,103</u></b>	<b><u>\$ 637,040</u></b>

**Notes to Financial Statements**  
**December 31, 2013 and 2012**  
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**NOTE 11 – Agency Funds**

The Corporation enters into agreements to hold and invest funds for specified organizations. Amounts provided by the specified organizations and held by the Corporation are accounted for as agency funds payable. Additional amounts provided, earnings, and gains on investments are added to the liability. Any investment fees and losses and any disbursements to the specified organization are subtracted from the liability. The Agencies and their account balances are listed below:

	<u>2013</u>	<u>2012</u>
Alachua Conservation Trust	\$ 776,195	\$ 558,232
Alachua County Public Schools Foundation	81,228	286,224
Gainesville Fine Arts Association	30,385	--
Gainesville Fisher House	200,887	--
Girls Place, Inc	5,431	5,000
Guardian Foundation Fund	86,154	77,526
Historic Melrose Fund	31,904	34,754
Historic Trust Matheson Museum	364,649	284,241
Meridian Behavioral Healthcare	109,803	97,841
Meridian-Haynie Trust	482,368	430,201
Reichert House	39,973	40,317
<b>Total</b>	<b><u>\$ 2,208,977</u></b>	<b><u>\$ 1,814,336</u></b>

**NOTE 12 – Unrestricted Net Assets**

Unrestricted net assets consist of the following:

	<u>2013</u>	<u>2012</u>
Donor Advised Funds – Endowments in Deficit	\$ (14,390)	\$ (23,628)
Donor Advised Funds – Other	949,390	837,204
General Operations	100,436	84,579
<b>Total</b>	<b><u>\$ 1,035,436</u></b>	<b><u>\$ 898,155</u></b>

**NOTE 13– Temporarily Restricted Net Assets**

Temporarily restricted net assets consist of the following:

	<u>2013</u>	<u>2012</u>
<b>Time Restricted:</b>		
Pledge Receivable	\$ 426,550	\$ --
Endowment Surplus	462,800	288,500
<b>Purpose Restricted:</b>		
Educational Grants:		
Queen of Peace	195,659	173,940
School Arts and Music	62,127	54,995
P.K. Yonge Documentary	5,883	6,281
Early Learning	17,854	18,910
Clint Lacinak Scholarship Fund	43,479	28,231
Health and Human Service Grants:		
Women’s Giving Circle	36,192	44,149
Fisher House	21,170	18,552
Friends of Tacachale	28,058	24,394
Girls on the Run	15,652	15,233
Youth Development	6,037	7,856
Civic & Community Grants:		
Kincaid Loop	91,143	89,662
Other Grants	31,187	38,069
<b>Total</b>	<b><u>\$ 1,443,791</u></b>	<b><u>\$ 808,772</u></b>

**Notes to Financial Statements**  
**December 31, 2013 and 2012**  
**Community Foundation of North Central Florida, Inc.**

**NOTE 14 – Permanently Restricted Net Assets**

Permanently restricted net assets consist of the following.

	<u>2013</u>	<u>2012</u>
Patients' Park Fund (see Note 4)	\$ 90,000	\$ 90,000
Cade Family Fund (see Note 5)	3,854,000	3,854,000
Donor Advised Endowment Funds:		
RL and CG Henderson Fund	639,743	639,743
Maren Funds	1,564,323	1,564,323
John and Peggy Kirkpatrick	35,000	35,000
Anne Laird Spain	50,000	50,000
Noel and Perry McGriff	185,289	185,289
Ryals	47,900	37,900
Matheson Museum Fund	1,172,538	978,901
Field of Interest Endowments:		
Murphey	5,000	5,000
Youth Development	32,000	32,000
Early Learning	32,000	32,000
A Musical Offering	5,000	5,000
Women's Giving Circle	44,997	30,597
Boys and Girls Club	8,000	8,000
General Endowment Fund	212,533	201,748
<b>Total</b>	<b><u>\$ 7,978,323</u></b>	<b><u>\$ 7,749,501</u></b>

Earnings on the field of interest endowment funds are restricted to provide funding for specific community initiatives.

Earnings of the General Endowment are neither donor restricted nor donor advised.

The Corporation received a donation in which the donor agreement stated that 5% of the Fund per year would be donated to the Matheson Museum. The Corporation has recorded the donation as permanently restricted since the donor intends for this fund to exist in perpetuity. The donor agreement states that all income derived from the assets in the Fund will be credited to the Fund and available exclusively for charitable purpose, less the costs of investment and administration.

**NOTE 15 – Endowment Funds**

Endowment funds are classified into the following net asset categories based on the presence or absence of donor-imposed restrictions:

	<u>2012</u>			Totals
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Cade Family Fund	\$ --	\$ --	\$ 3,854,000	\$ 3,854,000
Donor Advised Funds	(23,628)	261,320	3,491,156	3,728,848
Field of Interest Funds	--	35,368	112,597	147,965
General Endowment	--	26,389	201,748	228,137
<b>Totals – December 31, 2012</b>	<b><u>\$ (23,628)</u></b>	<b><u>\$ 323,077</u></b>	<b><u>\$ 7,659,501</u></b>	<b><u>\$ 7,958,950</u></b>

  

	<u>2013</u>			Totals
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Cade Family Fund	\$ --	\$ --	\$ 3,854,000	\$ 3,854,000
Donor Advised Funds	(14,390)	425,261	3,694,793	4,105,664
Field of Interest Funds	--	32,445	126,997	159,442
General Endowment	--	35,953	212,533	248,486
<b>Totals – December 31, 2013</b>	<b><u>\$ (14,390)</u></b>	<b><u>\$ 493,659</u></b>	<b><u>\$ 7,888,323</u></b>	<b><u>\$ 8,367,592</u></b>

**Notes to Financial Statements**  
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**Community Foundation of North Central Florida, Inc.**

**NOTE 15 – Endowment Funds (concluded)**

The changes in endowment fund balances by net asset class are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
<b>Balance – December 31, 2011</b>	<b>\$ (86,208)</b>	<b>\$ 221,074</b>	<b>\$ 7,294,483</b>	<b>\$ 7,429,349</b>
Investment Income (net of expenses)	--	78,215	16,227	94,442
Net Gain/(Loss)	62,580	125,160	224,916	412,656
Contributions	--	27,181	176,823	204,004
Grants	--	(128,553)	(52,948)	(181,501)
<b>Balance – December 31, 2012</b>	<b>\$ (23,628)</b>	<b>\$ 323,077</b>	<b>\$ 7,659,501</b>	<b>\$ 7,958,950</b>
Investment Income (net of expenses)	--	74,014	19,033	93,047
Net Gain/(Loss)	9,238	295,835	226,949	532,022
Contributions	--	24,613	31,785	56,398
Grants	--	(223,880)	(48,945)	(272,825)
<b>Balance – December 31, 2013</b>	<b>\$ (14,390)</b>	<b>\$ 493,659</b>	<b>\$ 7,888,323</b>	<b>\$ 8,367,592</b>

**NOTE 16 – Grants to Other Organizations**

The Corporation makes donations to other charitable organizations as follows:

	<b>2013</b>	<b>2012</b>
Educational	\$ 326,273	\$ 32,439
Animals and Environment	52,300	51,000
Health and Human Services	180,250	388,400
Civic and Community	274,268	102,444
Youth	79,700	81,928
Arts and Culture	1,000	57,952
International	5,840	9,390
<b>Total</b>	<b>\$ 919,631</b>	<b>\$ 723,553</b>

**NOTE 17 – Lease**

The Corporation rented space for its administrative office under a month-to month lease through March 2013. After March 2013, they received donated office space through December 2013. Lease expense was \$13,154 and \$15,000 for 2013 and 2012, respectively.

**NOTE 18 – Construction Commitments**

The Corporation has an agreement with a construction contractor for the renovation of their office space. At December 31, 2013, the Corporation was committed under these contracts to an additional \$10,363, reflecting a total contract of \$327,098 of which \$316,735 had been recognized prior to December 31, 2013.

**NOTE 19 – Subsequent Events**

In February, 2014, The Corporation moved into a new office building. The Corporation evaluated events and transactions for potential recognition or disclosure through August XX, 2014, which is the date the financial statements were available to be issued.