

# Community Foundation of North Central Florida, Inc.

Financial Statements  
And  
Independent Auditors' Reports  
December 31, 2012 and 2011

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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

### Report on the Financial Statements

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, 2012 and 2011, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

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

#### **Auditor's Responsibility.**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion.** In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Community Foundation of North Central Florida, Inc. as of December 31, 2012 and 2011, 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 15, 2013  
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, 2012 and 2011**  
**Community Foundation of North Central Florida, Inc.**

Assets	2012	2011
Cash and Equivalents:		
Checking	\$ 623,487	\$ 200,505
Money Market	141,525	98,550
Certificates of Deposit	--	30,940
Total Cash and Equivalents	765,012	329,995
Investments in Securities:		
SunTrust Investment Account	3,027	2,401
UBS/ML Investment Account	232,675	207,874
Fidelity Investment Accounts	5,782,205	5,353,016
Total Investments	6,017,907	5,563,291
Pledges Receivable	--	105,260
Prepaid Expense	6,650	1,650
Office Furniture and Equipment, Net	6,063	5,778
Mortgage Receivable, Net	537,129	540,310
Interest in Gatorade Trust	3,854,000	3,736,974
Land - Patient's Park	90,000	90,000
<b>Total Assets</b>	<b>\$ 11,276,761</b>	<b>\$ 10,373,258</b>
Liabilities and Net Assets		
Liabilities:		
Accounts Payable	\$ 5,997	\$ 4,293
Agency Funds Payable	1,814,336	1,624,775
<b>Total Liabilities</b>	<b>1,820,333</b>	<b>1,629,068</b>
Net Assets:		
Unrestricted	898,155	690,898
Temporarily Restricted	808,772	668,809
Permanently Restricted	7,749,501	7,384,483
<b>Total Net Assets</b>	<b>9,456,428</b>	<b>8,744,190</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 11,276,761</b>	<b>\$ 10,373,258</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	17,982	--	--	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>1,195,965</b>	<b>(6,142)</b>	<b>132,968</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:				
General and Administrative	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	132,355	(6,142)	132,968	259,181
Gain/(Loss) on Investments	74,902	146,105	115,024	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.*

**Statement of Activities**  
**For the Year Ended December 31, 2011**  
**Community Foundation of North Central Florida, Inc.**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Support and Revenues:</b>				
Contributions	\$1,120,980	\$ 155,535	\$ 137,000	\$1,413,515
Royalty Income – Gatorade Trust	618,704	--	--	618,704
Other Investment Income:				
Interest on Deposits	426	56	--	482
Interest and Dividends from Investments	56,805	22,299	--	79,104
Interest on Mortgage Receivable	--	43,353	--	43,353
Fund Administration Fee	16,354	--	--	16,354
Reclassifications:				
Donor Restriction Released	27,042	--	(27,042)	--
Satisfaction of Purpose Restrictions	153,172	(153,172)	--	--
<b>Total Support and Revenues</b>	<b>1,993,483</b>	<b>68,071</b>	<b>109,958</b>	<b>2,171,512</b>
<b>Expenses:</b>				
Program Services:				
Grants	1,407,519	--	--	1,407,519
Expenses	59,645	--	--	59,645
Allocated Overhead	42,874	--	--	42,874
Total Program Expenses	1,510,038	--	--	1,510,038
Supporting Activities:				
General and Administrative	101,906	--	--	101,906
Fundraising	106,960	--	--	106,960
<b>Total Expenses</b>	<b>1,718,904</b>	<b>--</b>	<b>--</b>	<b>1,718,904</b>
Change in Net Assets before Gains and Losses	274,579	68,071	109,958	452,608
Gain/(Loss) on Investments	(23,214)	(108,005)	(52,819)	(184,038)
Gain/(Loss) on Interest in Gatorade Trust	--	--	373,474	373,474
Loss on Uncollectable Pledges	--	(5,500)	--	(5,500)
<b>Change in Net Assets</b>	<b>251,365</b>	<b>(45,434)</b>	<b>430,613</b>	<b>636,544</b>
<b>Net Assets, January 1, 2011</b>	<b>439,533</b>	<b>714,243</b>	<b>6,953,870</b>	<b>8,107,646</b>
<b>Net Assets, December 31, 2011</b>	<b>\$ 690,898</b>	<b>\$ 668,809</b>	<b>\$ 7,384,483</b>	<b>\$ 8,744,190</b>

*See accompanying notes.*

**Statements of Cash Flows**  
**For the Years Ended December 31, 2012 and 2011**  
**Community Foundation of North Central Florida, Inc.**

	<u>2012</u>	<u>2011</u>
<b>Cash Flows from Operating Activities:</b>		
Change in Net Assets	\$ 712,238	\$ 636,544
Adjustments:		
Net (Gain)/Loss on Investments	(336,031)	184,038
(Gain)/Loss on Interest in Gatorade Trust	(117,026)	(373,474)
Contributions Restricted to Long-Term Investment:		
Cash Contributions During the Year	(176,823)	(137,000)
Loan Discount Amortization	(4,974)	(4,923)
Depreciation Expense	2,843	3,008
Changes In:		
Pledges Receivable	5,260	11,334
Employee Loans	--	5,100
Prepaid Expense	(5,000)	--
Accounts Payable	1,704	(261)
Agency Funds	189,561	113,705
	<u>271,752</u>	<u>438,071</u>
Net Cash Provided by (Used in) Operating Activities	<b>271,752</b>	<b>438,071</b>
<b>Cash Flows from Investing Activities:</b>		
Securities Purchased	(532,756)	(2,366,834)
Securities Sold	414,171	1,451,340
Mortgage Loan Collections	8,155	7,861
Office Furniture and Equipment Purchased	(3,128)	(2,498)
	<u>(113,558)</u>	<u>(910,131)</u>
Net Cash Provided by (Used In) Investing Activities	<b>(113,558)</b>	<b>(910,131)</b>
<b>Cash Flows from Financing Activities:</b>		
Contributions Restricted to Long-Term Investment:		
Change in Pledge Receivable	100,000	400,000
Other Cash Contributions During the Year	176,823	137,000
	<u>276,823</u>	<u>537,000</u>
Net Cash Flows from Financing Activities	<b>276,823</b>	<b>537,000</b>
Net Change in Cash and Equivalents	<b>435,017</b>	<b>64,940</b>
Cash, Beginning of Year	<u>329,995</u>	<u>265,055</u>
Cash, End of Year	<u>\$ 765,012</u>	<u>\$ 329,995</u>

*See accompanying notes.*

**Statements of Functional Expenses**  
**For the Years Ended December 31, 2012 and 2011**  
**Community Foundation of North Central Florida, Inc.**

	2012			
	Program	Management	Fund	Totals
	<u>Services</u>	<u>and</u> <u>General</u>	<u>Raising</u>	
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>

	2011			
	Program	Management	Fund	Totals
	<u>Services</u>	<u>and</u> <u>General</u>	<u>Raising</u>	
Salaries and Benefits	\$ 25,604	\$ 49,701	\$ 75,305	\$ 150,610
Grants to Other Organizations	1,407,519	--	--	1,407,519
Direct Program Expenses	27,747	--	--	27,747
Advertising	40	78	117	235
Depreciation	511	993	1,504	3,008
Insurance	575	1,116	1,692	3,383
Investment Management Fees	--	13,754	--	13,754
Occupancy	3,107	6,030	9,138	18,275
Office Expense	9,032	9,054	11,430	29,516
Professional Fees	26,470	16,050	--	42,520
Special Events	4,843	--	--	4,843
Technology	3,169	3,997	6,056	13,222
Travel	1,421	1,133	1,718	4,272
<b>TOTALS</b>	<b><u>\$ 1,510,038</u></b>	<b><u>\$ 101,906</u></b>	<b><u>\$ 106,960</u></b>	<b><u>\$ 1,718,904</u></b>

*See accompanying notes.*

**Notes to Financial Statements**  
**December 31, 2012 and 2011**  
**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), was previously The Gainesville Community Foundation which 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 at December 31, 2011, consisted of commitments from members of the Gainesville Area Women's Giving Circle and another donor. No allowance for uncollectible contributions was recorded and the pledges were fully collected in the subsequent year. The Corporation held no pledges receivable at December 31, 2012.

Office Furniture and Equipment

The Corporation capitalizes office furniture and equipment costing more than \$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, 2012 and 2011**  
**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), which became effective July 1, 2012, 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.

The vast majority of the Corporation's endowment assets (95%) are held in donor advised funds. The remainder are held in four field of interest funds and in three general endowments. 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, 2012 and 2011**  
**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.
- **General and Administrative** – 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 \$776,676 and \$142,701 in excess of FDIC insurance coverage as of December 31, 2012 and 2011, respectively.

**NOTE 3 – Office Furniture and Equipment**

Office furniture and equipment is reported net of \$13,514 and \$10,671 in accumulated depreciation at December 31, 2012 and 2011, respectively.

**NOTE 4 – 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.

**NOTE 5 – 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 the use of the royalties as follows:

	<u>2012</u>	<u>2011</u>
Unrestricted	10%	12%
Added to Donor Advised Fund	90%	88%

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 7 for more details. Any differential between projected earnings and actual earnings will have a direct affect on estimated fair value.

**Notes to Financial Statements**  
**December 31, 2012 and 2011**  
**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, 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>
<b>At December 31, 2011</b>			
SunTrust	\$ 1,257	\$ 1,144	\$ 2,401
Merrill Lynch	199,690	8,184	207,874
Fidelity	5,334,987	18,029	5,353,016
<b>Total</b>	<b><u>\$ 5,535,934</u></b>	<b><u>\$ 27,357</u></b>	<b><u>\$ 5,563,291</u></b>

Investments are held as follows:

	<u>2012</u>	<u>2011</u>
<b>Common Stock:</b>		
Merrill Lynch	\$ --	\$ 3,214
<b>Mutual Funds – Fixed Income:</b>		
Merrill Lynch	179,709	76,794
Fidelity	2,440,228	2,250,777
<b>Mutual Funds – Equities:</b>		
SunTrust	1,861	1,257
Merrill Lynch	45,249	119,682
Fidelity	3,217,495	3,084,210
<b>Total Investments</b>	<b><u>\$ 5,884,542</u></b>	<b><u>\$ 5,535,934</u></b>

Net return on investment consists of the following:

	<u>2012</u>	<u>2011</u>
Interest and Dividends	\$ 110,450	\$ 116,658
Investment Management Fees	(15,541)	(15,035)
Net Gain/(Loss)	483,399	(249,864)
<b>Total Return on Investments</b>	<b><u>\$ 578,308</u></b>	<b><u>\$ (148,241)</u></b>

These amounts are reported in the financial statements as follows:

	<u>2012</u>	<u>2011</u>
Interest and Dividends from Investments	\$ 75,384	\$ 79,104
Investment Fees – General and Administrative Expenses	(12,331)	(13,754)
Net Gain/(Loss) – Statement of Activities	336,031	(184,038)
Change in Agency Payable:		
Interest and Dividends	35,066	37,554
General and Administrative Expenses	(3,210)	(1,281)
Net Gain/(Loss)	147,368	(65,826)
<b>Total Return on Investments</b>	<b><u>\$ 578,308</u></b>	<b><u>\$ (148,241)</u></b>

**NOTE 7 – 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.

**Notes to Financial Statements**  
**December 31, 2012 and 2011**  
**Community Foundation of North Central Florida, Inc.**

**NOTE 7 – Fair Value Measurements (concluded)**

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:

	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
<b>2012</b>			
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>
<b>2011</b>			
Marketable Securities	\$ 5,563,291	\$ --	\$ 5,563,291
Interest in Gatorade Trust	--	3,736,974	3,736,974
<b>Total</b>	<b><u>\$ 5,563,291</u></b>	<b><u>\$ 3,736,974</u></b>	<b><u>\$ 9,300,265</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.

**NOTE 8 – Mortgage Receivable**

The Corporation loaned \$800,000 to a local charity during 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>
2013	\$ 8,681	\$ 37,610	\$ 46,291
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>\$ 756,176</u></b>	<b><u>\$ 819,537</u></b>	<b><u>\$ 1,575,713</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>2012</u>	<u>2011</u>
Unpaid principal	\$ 756,176	\$ 764,331
Unamortized discount	(219,047)	(224,021)
<b>Net amount reported</b>	<b><u>\$ 537,129</u></b>	<b><u>\$ 540,310</u></b>

**Notes to Financial Statements**  
**December 31, 2012 and 2011**  
**Community Foundation of North Central Florida, Inc.**

**NOTE 9 – 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>2012</u>	<u>2011</u>
Alachua Conservation Trust	\$ 558,232	\$ 502,122
Alachua County Public Schools Foundation	286,224	272,908
Girls, Place, Inc	5,000	--
Guardian Foundation Fund	77,526	70,168
Historic Melrose Fund	34,754	46,580
Historic Trust Matheson Museum	284,241	217,587
Meridian Behavioral Healthcare	97,841	90,883
Meridian-Haynie Trust	430,201	383,748
Reichert House	40,317	40,779
<b>Total</b>	<b><u>\$ 1,814,336</u></b>	<b><u>\$ 1,624,775</u></b>

**NOTE 10 – Unrestricted Net Assets**

Unrestricted net assets consist of the following:

	<u>2012</u>	<u>2011</u>
Donor Advised Funds – Endowments in Deficit	\$ (23,628)	\$ (86,208)
Donor Advised Funds – Other	837,204	579,649
General Operations	84,579	197,457
<b>Total</b>	<b><u>\$ 898,155</u></b>	<b><u>\$ 690,898</u></b>

**NOTE 11 – Temporarily Restricted Net Assets**

Temporarily restricted net assets consist of the following funds which support the listed activities:

	<u>2012</u>	<u>2011</u>
Educational Grants:		
Queen of Peace	\$ 173,940	\$ 175,118
School Arts and Music	54,995	47,187
P.K. Yonge Documentary	6,281	6,431
Mary B. Peck Educational Fund	152	4,758
Early Learning	18,910	14,275
Clint Lacinak Scholarship Fund	28,231	--
Health and Human Service Grants:		
Women’s Giving Circle	44,149	58,785
Fisher House	18,552	16,948
Friends of Tacachale	24,394	20,299
Girls on the Run	15,233	21,078
Youth Development	7,856	4,330
Civic & Community Grants:		
Kincaid Loop	89,662	80,859
Endowments - Surplus	288,500	197,532
Other Grants	37,917	21,209
<b>Total</b>	<b><u>\$ 808,772</u></b>	<b><u>\$ 668,809</u></b>

**Notes to Financial Statements**  
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**NOTE 12 – Permanently Restricted Net Assets**

Permanently restricted net assets consist of the following.

	<u>2012</u>	<u>2011</u>
Patients' Park Fund (see Note 4)	\$ 90,000	\$ 90,000
Cade Family Fund (see Note 5)	3,854,000	3,736,974
Donor Advised Endowment Funds:		
RL and CG Henderson Fund	639,743	639,743
Maren Funds	1,564,323	1,444,500
John and Peggy Kirkpatrick	35,000	35,000
Anne Laird Spain	50,000	50,000
Noel and Perry McGriff	185,289	175,289
Ryals	37,900	37,900
Matheson Museum Fund	978,901	909,329
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 Endowment	30,597	--
Boys and Girls Club	8,000	--
General Endowment Fund	201,748	191,748
<b>Total</b>	<b><u>\$ 7,749,501</u></b>	<b><u>\$ 7,384,483</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 13 – Endowment Funds**

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

	<u>2011</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
Cade Family Fund	\$ --	\$ --	\$ 3,736,974	\$ 3,736,974
Donor Advised Funds	(86,208)	175,878	3,291,761	3,381,431
Field of Interest Funds	--	23,541	74,000	97,541
General Endowment	--	21,655	191,748	213,403
<b>Totals – December 31, 2011</b>	<b><u>\$ (86,208)</u></b>	<b><u>\$ 221,074</u></b>	<b><u>\$ 7,294,483</u></b>	<b><u>\$ 7,429,349</u></b>

  

	<u>2012</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
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	--	34,577	74,000	108,577
General Endowment	--	27,180	240,345	267,525
<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>

**Notes to Financial Statements**  
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**NOTE 13 – 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, 2010</b>	<b>\$ (8,221)</b>	<b>\$ 272,124</b>	<b>\$ 6,863,870</b>	<b>\$ 7,127,773</b>
Investment Income (net of expenses)	--	19,905	--	19,905
Net Gain/(Loss)	(16,509)	(5,382)	373,474	351,583
Contributions	--	26,727	137,000	163,727
Grants	(61,478)	(92,300)	(79,861)	(233,639)
<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>

**NOTE 14 – Grants to Other Organizations**

The Corporation makes donations to other charitable organizations as follows:

	<u>2012</u>	<u>2011</u>
Educational	\$ 32,439	\$ 269,789
Animals and Environment	51,000	57,875
Health and Human Services	388,400	1,004,355
Civic and Community	102,444	9,000
Youth	81,928	34,000
Arts and Culture	57,952	32,500
International	9,390	--
<b>Total</b>	<b>\$ 723,553</b>	<b>\$ 1,407,519</b>

**NOTE 15 – Lease**

The Corporation rents space for its administrative office under a lease that terminated November 30, 2011 which was extended as a month-to-month lease. Lease expense for 2012 and 2011 was \$15,000 each year.

**NOTE 16 – Related Party Transactions**

The Corporation paid \$9,641 in 2012 for printing services to a company owned by a board member.

**NOTE 17 – Subsequent Events**

In May, 2013, The Corporation purchased a building for approximately \$319,000, with a mortgage of approximately \$239,000. The Corporation received a five-year pledge of \$500,000 for the purpose of paying for the building and improvements. The Corporation evaluated events and transactions for potential recognition or disclosure through August 15, 2013, which is the date the financial statements were available to be issued.