

Community Foundation of North Central Florida, Inc.

Financial Statements
And
Independent Auditors' Reports
December 31, 2015 and 2014

CONTENTS

Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities	3 - 4
Statements of Cash Flows	5
Statements of Functional Expenses	6
Notes to Financial Statements	7 - 15

Kattell and Company, P.L.

Certified Public Accountants 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, 2015 and 2014, 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.

Auditors' 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, 2015 and 2014, 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.

September 29, 2016
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, 2015 and 2014
Community Foundation of North Central Florida, Inc.

Assets	2015	2014
Cash and Equivalents:		
Checking	\$ 670,404	\$ 719,296
Total Cash and Equivalents	670,404	719,296
Investments in Securities:		
SunTrust Investment Account	19,755	4,581
Community Bank and Trust	35,100	--
UBS/ML Investment Account	225,475	238,469
Fidelity Investment Accounts	8,436,126	7,252,128
Total Investments	8,716,456	7,495,178
Pledge Receivable	243,685	337,926
Other Receivables	20,000	--
Prepaid Expense	12,623	400
Fixed Assets, Net	632,743	649,617
Mortgage Receivable, Net	525,911	529,952
Interest in Gatorade Trust	5,094,000	4,180,000
Land - Patient's Park	90,000	90,000
Total Assets	\$ 16,005,822	\$ 14,002,369
Liabilities and Net Assets		
Liabilities:		
Accounts Payable	\$ 156,399	\$ 3,230
Grants Payable	105,500	--
Agency Funds Payable	2,704,732	2,235,376
Mortgage Note Payable	440,023	518,007
Total Liabilities	3,406,654	2,756,613
Net Assets:		
Unrestricted	1,880,124	1,315,302
Temporarily Restricted	1,377,292	1,575,193
Permanently Restricted	9,341,752	8,355,261
Total Net Assets	12,599,168	11,245,756
Total Liabilities and Net Assets	\$ 16,005,822	\$ 14,002,369

See accompanying notes.

Statement of Activities
For the Year Ended December 31, 2015
Community Foundation of North Central Florida, Inc.

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenues:				
Contributions	\$ 1,657,846	\$ 499,945	\$ 177,651	\$ 2,335,442
Royalty Income – Gatorade Trust	691,802	--	--	691,802
Other Investment Income:				
Interest and Dividends from Investments	32,503	46,503	20,292	99,298
Interest on Mortgage Receivable	--	42,250	--	42,250
Fund Administration Fee	35,956	--	(9,103)	26,853
Rental Income	9,600	--	--	9,600
Center for Non Profit Excellence	14,441	--	--	14,441
Miscellaneous Revenue	19,999	--	--	19,999
Reclassifications:				
Donor Restriction Released	60,061	--	(60,061)	--
Satisfaction of Purpose Restrictions	701,120	(701,120)	--	--
Total Support and Revenues	3,223,328	(112,422)	128,779	3,239,685
Expenses:				
Program Services:				
Grants	1,845,190	--	--	1,845,190
Expenses	370,725	--	--	370,725
Allocated Overhead	99,543	--	--	99,543
Total Program Expenses	2,315,458	--	--	2,315,458
Supporting Activities:				
Management and General	108,234	--	--	108,234
Fundraising	139,856	--	--	139,856
Total Expenses	2,563,548	--	--	2,563,548
Change in Net Assets before Gains and Losses	659,780	(112,422)	128,779	676,137
Gain/(Loss) on Investments	(94,958)	(85,479)	(56,288)	(236,725)
Gain/(Loss) on Interest in Gatorade Trust	--	--	914,000	914,000
Change in Net Assets	564,822	(197,901)	986,491	1,353,412
Net Assets, January 1, 2015	1,315,302	1,575,193	8,355,261	11,245,756
Net Assets, December 31, 2015	\$ 1,880,124	\$ 1,377,292	\$ 9,341,752	\$12,599,168

See accompanying notes.

Statement of Activities
For the Year Ended December 31, 2014
Community Foundation of North Central Florida, Inc.

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenues:				
Contributions	\$ 289,856	\$ 252,535	\$ 77,716	\$ 620,107
Royalty Income – Gatorade Trust	651,994	--	--	651,994
Other Investment Income:				
Interest and Dividends from Investments	25,809	58,339	29,192	113,340
Interest on Mortgage Receivable	--	42,560	--	42,560
Fund Administration Fee	32,211	--	(9,418)	22,793
Rental Income	6,350	--	--	6,350
Center for Non Profit Excellence	1,400	--	--	1,400
Reclassifications:				
Donor Restriction Released	70,040	--	(70,040)	--
Satisfaction of Purpose Restrictions	260,785	(260,785)	--	--
Total Support and Revenues	1,338,445	92,649	27,450	1,458,544
Expenses:				
Program Services:				
Grants	720,323	--	--	720,323
Expenses	33,135	--	--	33,135
Allocated Overhead	66,723	--	--	66,723
Total Program Expenses	820,181	--	--	820,181
Supporting Activities:				
Management and General	112,709	--	--	112,709
Fundraising	132,437	--	--	132,437
Total Expenses	1,065,327	--	--	1,065,327
Change in Net Assets before Gains and Losses	273,118	92,649	27,450	393,217
Gain/(Loss) on Investments	6,748	38,753	23,488	68,989
Gain/(Loss) on Interest in Gatorade Trust	--	--	181,000	181,000
Change in Net Assets	279,866	131,402	231,938	643,206
Net Assets, January 1, 2014	1,035,436	1,443,791	8,123,323	10,602,550
Net Assets, December 31, 2014	\$ 1,315,302	\$ 1,575,193	\$ 8,355,261	\$11,245,756

See accompanying notes.

Statements of Cash Flows
For the Years Ended December 31, 2015 and 2014
Community Foundation of North Central Florida, Inc.

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 1,353,412	\$ 643,206
Adjustments:		
Net (Gain)/Loss on Investments	236,725	(68,989)
(Gain)/Loss on Interest in Gatorade Trust	(914,000)	(181,000)
Cash Contributions Restricted to Long-Term Investment	(177,651)	(77,716)
Program Loan Discount Amortization	(5,551)	(5,393)
Depreciation Expense	16,874	8,436
Changes In:		
Pledges Receivable	74,241	88,624
Prepaid Expense	(12,223)	13,696
Accounts Payable	153,169	(62,576)
Grants Payable	105,500	--
Agency Funds	469,356	26,399
	<hr/>	<hr/>
Net Cash Provided by (Used In) Operating Activities	1,299,852	384,687
Cash Flows from Investing Activities:		
Securities Purchased	(1,632,013)	(897,992)
Securities Sold	174,010	662,182
Mortgage Loan Collections	9,592	9,125
Building Costs	--	(10,363)
	<hr/>	<hr/>
Net Cash Provided by (Used In) Investing Activities	(1,448,411)	(237,048)
Cash Flows from Financing Activities:		
Proceeds from Notes Payable	--	49,417
Payments on Notes Payable	(77,984)	(27,930)
Contributions Restricted to Long-Term Investment	177,651	77,716
	<hr/>	<hr/>
Net Cash Flows from Financing Activities	99,667	99,203
Net Change in Cash and Equivalents	(48,892)	246,842
Cash, Beginning of Year	719,296	472,454
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Cash, End of Year	\$ 670,404	\$ 719,296
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Amount of Interest Cost Paid	\$ 22,015	\$ 22,070

See accompanying notes.

Statements of Functional Expenses
For the Years Ended December 31, 2015 and 2014
Community Foundation of North Central Florida, Inc.

	2015			
	Program Services	Management and General	Fund Raising	Totals
Salaries and Benefits	\$ 45,455	\$ 36,582	\$ 77,339	\$ 159,376
Grants to Other Organizations	1,878,690	--	--	1,878,690
Direct Program Expenses:				
Study	275,000	--	--	275,000
Other	62,225	--	--	62,225
Advertising	1,600	1,302	2,638	5,540
Depreciation	4,873	3,965	8,036	16,874
Interest Expense	6,358	5,173	10,484	22,015
Insurance	689	561	1,136	2,386
Investment Management Fees	--	17,600	--	17,600
Occupancy	5,355	4,358	8,832	18,545
Office Expense	6,981	5,680	11,513	24,174
Professional Fees	7,366	26,561	--	33,927
Special Events	12,935	--	6,800	19,735
Technology	7,198	5,856	11,870	24,924
Travel	733	596	1,208	2,537
TOTALS	<u>\$ 2,315,458</u>	<u>\$ 108,234</u>	<u>\$ 139,856</u>	<u>\$ 2,563,548</u>

	2014			
	Program Services	Management and General	Fund Raising	Totals
Salaries and Benefits	\$ 30,353	\$ 33,141	\$ 63,983	\$ 127,477
Grants to Other Organizations	720,323	--	--	720,323
Direct Program Expenses - Other	33,135	--	--	33,135
Advertising	544	597	1,067	2,208
Depreciation	2,080	2,281	4,075	8,436
Interest Expense	5,440	5,968	10,662	22,070
Insurance	552	606	1,083	2,241
Investment Management Fees	--	14,065	--	14,065
Occupancy	3,742	4,105	7,333	15,180
Office Expense	13,230	14,515	25,929	53,674
Professional Fees	3,994	32,153	--	36,147
Special Events	1,977	--	8,877	10,854
Technology	3,548	3,892	6,952	14,392
Travel	1,263	1,386	2,476	5,125
TOTALS	<u>\$ 820,181</u>	<u>\$ 112,709</u>	<u>\$ 132,437</u>	<u>\$ 1,065,327</u>

See accompanying notes.

Notes to Financial Statements
December 31, 2015 and 2014
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.

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 if it has an item cost of \$2,500 or more and a useful life when acquired of more than one year. Depreciation is computed using the straight-line method over estimated useful lives from 5 to 39 years.

Notes to Financial Statements
December 31, 2015 and 2014
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 (95%) 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, 2015 and 2014
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 \$65,685 and \$692,872 in excess of FDIC insurance coverage as of December 31, 2015 and 2014, respectively.

NOTE 3 – Pledge Receivable

Pledge receivable represents a pledge from one donor that is expected to be received over the next three years as follows:

2016		\$ 100,000
2017		100,000
2018		50,000
Total		250,000
Less - Unamortized discount		(6,315)
Pledges Receivable, Net		\$ 243,685

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

NOTE 4 – Fixed Assets, Net

	<u>2015</u>	<u>2014</u>
Office Furniture and Equipment	\$ 3,217	\$ 3,217
Building	658,053	658,053
Less Accumulated Depreciation	(28,527)	(11,653)
Fixed Assets, Net	\$ 632,743	\$ 649,617

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.

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

Notes to Financial Statements
December 31, 2015 and 2014
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>
At December 31, 2015			
SunTrust	\$ 19,755	\$ --	\$ 19,755
Community Bank & Trust	--	35,100	35,100
Merrill Lynch	220,618	4,857	225,475
Fidelity	8,243,818	192,308	8,436,126
Total	<u>\$ 8,484,191</u>	<u>\$ 232,265</u>	<u>\$ 8,716,456</u>
At December 31, 2014			
SunTrust	\$ 3,378	\$ 1,203	\$ 4,581
Merrill Lynch	221,536	16,933	238,469
Fidelity	6,878,679	373,449	7,252,128
Total	<u>\$ 7,103,593</u>	<u>\$ 391,585</u>	<u>\$ 7,495,178</u>

Investments are held as follows:

	<u>2015</u>	<u>2014</u>
Mutual Funds – Fixed Income:		
Merrill Lynch	\$ 142,842	\$ 188,327
Fidelity	2,889,412	2,704,656
Mutual Funds – Equities:		
SunTrust	19,755	3,378
Merrill Lynch	77,776	33,209
Fidelity	5,354,406	4,174,023
Total Investments	<u>\$ 8,484,191</u>	<u>\$ 7,103,593</u>

Net return on investment consists of the following:

	<u>2015</u>	<u>2014</u>
Interest and Dividends	\$ 141,209	\$ 160,199
Management Fees	(23,653)	(19,104)
Net Gain/(Loss)	(332,880)	102,335
Total Return on Investments	<u>\$ (215,324)</u>	<u>\$ 243,466</u>

These amounts are reported in the financial statements as follows:

	<u>2015</u>	<u>2014</u>
Reported on the Statement of Activities:		
Interest and Dividends	\$ 99,298	\$ 113,340
Management Fees	(17,600)	(14,065)
Net Gain/(Loss)	(236,725)	68,989
Change in Agency Payable:		
Interest and Dividends	41,911	46,859
Management Fees	(6,053)	(5,039)
Net Gain/(Loss)	(96,155)	33,346
Total Return on Investments	<u>\$ (215,324)</u>	<u>\$ 243,466</u>

Notes to Financial Statements
December 31, 2015 and 2014
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 at least every three years. Valuations are based, in part, on an estimate of future royalty receipts. Absent evidence to the contrary, the Corporation considers the receipts of the most recent year to be the best estimate of future royalty receipts. Any differential between projected and actual royalty receipts will have a direct effect on estimated fair value. The latest valuation available is dated as of December 31, 2015. For the years when a valuation is not available, the Corporation estimates future royalty receipts and applies a multiplier to estimate the value at which the Corporation would be able to transfer its interest. (The multiplier for December 31, 2014 was 6.41.) 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:

2015	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Marketable Securities	\$ 8,716,456	\$ --	\$ 8,716,456
Interest in Gatorade Trust	--	5,094,000	5,094,000
Total	<u>\$ 8,716,456</u>	<u>\$ 5,094,000</u>	<u>\$13,810,456</u>
2014	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Marketable Securities	\$ 7,495,178	\$ --	\$ 7,495,178
Interest in Gatorade Trust	--	4,180,000	4,180,000
Total	<u>\$ 7,495,178</u>	<u>\$ 4,180,000</u>	<u>\$11,675,178</u>

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, 2015 and 2014
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>
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	205,255	28,020	233,275
Totals	<u>\$ 728,779</u>	<u>\$ 708,062</u>	<u>\$ 1,436,841</u>

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>2015</u>	<u>2014</u>
Unpaid principal	\$ 728,779	\$ 738,372
Unamortized discount	(202,868)	(208,420)
Net amount reported	<u>\$ 525,911</u>	<u>\$ 529,952</u>

NOTE 10 – Mortgage Note Payable

The Corporation borrowed funds for the purchase, design and renovation of a condo for office space. The loan is secured by real property and bears interest at 4.25%. Terms on the loan call for one annual payment each year. The following is a summary of payments due:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 80,867	\$ 19,133	\$ 100,000
2017	84,371	15,629	100,000
2018	274,785	10,784	285,569
Total	<u>\$ 440,023</u>	<u>\$ 45,546</u>	<u>\$ 485,569</u>

NOTE 11 – Unrestricted Net Assets

Unrestricted net assets consist of the following:

	<u>2015</u>	<u>2014</u>
Donor Advised Funds – Endowments in Deficit	\$ (36,103)	\$ (24,332)
Donor Advised Funds – Other	1,979,078	1,299,449
Invested in Property and Equipment	192,720	131,609
Other - Deficit	(255,571)	(91,424)
Total	<u>\$ 1,880,124</u>	<u>\$ 1,315,302</u>

Notes to Financial Statements
December 31, 2015 and 2014
Community Foundation of North Central Florida, Inc.

NOTE 12 – 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>2015</u>	<u>2014</u>
Alachua Conservation Trust	\$ 787,010	\$ 806,750
Alachua County Public Schools Foundation	81,465	82,780
Dance Alive!	25,067	22,847
Einstein School	50,719	42,002
Gainesville Civic Chorus	12,498	8,742
Gainesville Fine Arts Association	29,979	30,963
Gainesville Fisher House	484,189	206,245
Girls Place	5,059	5,386
Guardian Foundation	86,269	88,433
Junior Achievement	190,787	--
Jungle Friends Primate Sanctuary	95,487	99,950
Historic Melrose	31,751	32,588
Historic Trust Matheson Museum	147,021	161,476
Melrose Library Association	47,492	--
Meridian Behavioral Healthcare	108,099	112,707
Meridian-Haynie Trust	483,036	495,151
Reichert House	38,804	39,356
Total	<u>\$ 2,704,732</u>	<u>\$ 2,235,376</u>

NOTE 13 – Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following:

	<u>2015</u>	<u>2014</u>
Time Restricted:		
Pledge Receivable	\$ 243,685	\$ 337,926
Endowment Surplus	419,170	549,911
Purpose Restricted:		
Educational Grants:		
Queen of Peace Fund	192,583	199,260
School Arts and Music Fund	67,082	64,055
Clint Lacinak Scholarship Fund	53,824	54,424
Stechmiller GHS Class of '64 Fund	--	50,669
Health and Human Service Grants:		
Mental Wellness Fund	90,618	--
Women's Giving Circle	49,406	52,601
Fisher House Fund	20,361	21,295
Friends of Tacachale Fund	23,524	29,187
Girls on the Run Fund	21,162	19,436
Civic & Community Grants:		
Kincaid Loop Fund	86,100	90,209
Other Grants	59,777	56,220
Restricted for Mortgage Payment	50,000	50,000
Total	<u>\$ 1,377,292</u>	<u>\$ 1,575,193</u>

Notes to Financial Statements
December 31, 2015 and 2014
Community Foundation of North Central Florida, Inc.

NOTE 14 – Permanently Restricted Net Assets

Permanently restricted net assets consist of the following.

	<u>2015</u>	<u>2014</u>
Patients' Park Fund (see Note 5)	\$ 90,000	\$ 90,000
Cade Family Fund (see Note 7)	5,094,000	4,180,000
Donor Advised Endowment Funds:		
Maren Funds	1,564,323	1,564,323
Matheson Museum Fund	1,049,851	1,153,216
RL and CG Henderson Fund	639,743	639,743
Noel and Perry McGriff Fund	185,289	185,289
Anne Laird Spain Fund	50,000	50,000
Ryals Family Fund	57,900	47,900
John and Peggy Kirkpatrick Fund	35,000	35,000
Halbert C and Ruth A Smith Fund	40,716	28,716
McDonald Charitable Fund	23,000	10,500
Marston Charitable Fund	5,077	5,077
Solar Impact Fund	125,000	--
Field of Interest Endowments:		
Boys and Girls Club Fund	8,000	8,000
Children's Impact Fund	64,000	--
Early Learning Fund	--	32,000
Miller Memorial Scholarship	10,000	10,000
Murphey Fund	5,000	5,000
Youth Development Fund	--	32,000
Women's Giving Circle	62,070	55,964
General Endowment Fund	232,783	222,533
Total	<u>\$ 9,341,752</u>	<u>\$ 8,355,261</u>

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.

Notes to Financial Statements
December 31, 2015 and 2014
Community Foundation of North Central Florida, Inc.

NOTE 15 – Endowment Funds

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

	2014			Totals
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Cade Family Fund	\$ --	\$ --	\$ 4,180,000	\$ 4,180,000
Donor Advised Funds	(24,332)	487,760	3,729,765	4,193,193
Field of Interest Funds	--	27,175	132,963	160,138
General Endowment	--	34,976	222,533	257,509
Totals – December 31, 2014	\$ (24,332)	\$ 549,911	\$ 8,265,261	\$ 8,790,840

	2015			Totals
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Cade Family Fund	\$ --	\$ --	\$ 5,094,000	\$ 5,094,000
Donor Advised Funds	(36,103)	380,977	3,785,899	4,130,773
Field of Interest Funds	--	21,157	139,070	160,227
General Endowment	--	17,036	232,783	249,819
Totals – December 31, 2015	\$ (36,103)	\$ 419,170	\$ 9,251,752	\$ 9,634,819

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

				Totals
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Balance – December 31, 2013	\$ (14,390)	\$ 493,659	\$ 8,033,323	\$8,512,592
Investment Income (net of expenses)	--	91,905	31,280	123,185
Net Gain/(Loss)	(218)	37,934	204,487	242,203
Contributions	--	53,219	69,216	122,435
Grants	(9,724)	(126,806)	(73,045)	(209,575)
Balance – December 31, 2014	\$ (24,332)	\$ 549,911	\$ 8,265,261	\$ 8,790,840
Investment Income (net of expenses)	--	76,905	17,096	94,001
Net Gain/(Loss)	(1,930)	(74,485)	849,306	772,891
Contributions	--	10,027	177,751	187,778
Grants	(9,841)	(143,188)	(57,662)	(210,691)
Balance – December 31, 2015	\$ (36,103)	\$ 419,170	\$ 9,251,752	\$ 9,634,819

NOTE 16 – Grants to Other Organizations

The Corporation makes donations to other charitable organizations as follows:

	2015	2014
Educational	\$ 285,526	\$ 380,127
Animals and Environment	275,983	33,180
Health and Human	212,964	142,750
Civic and Community	772,733	141,255
Youth	116,573	22,011
Arts and Culture	214,911	--
International	--	1,000
Total	\$ 1,878,690	\$ 720,323

NOTE 17 – Subsequent Events

The Corporation evaluated events and transactions for potential recognition or disclosure through September 29, 2016, which is the date the financial statements were available to be issued.