

# Community Foundation of North Central Florida, Inc.

Financial Statements  
And  
Independent Auditors' Reports  
December 31, 2017 and 2016

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# 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

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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, 2017 and 2016, 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, 2017 and 2016, 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 20, 2018  
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, 2017 and 2016**  
**Community Foundation of North Central Florida, Inc.**

	2017	2016
<b>Assets</b>		
Cash – Checking	\$ 1,333,876	\$ 1,119,905
Investments – Securities	12,177,091	9,458,798
Pledges Receivable	892,551	1,249,456
Other Receivables	27,950	10,400
Prepaid Expense	13,458	--
Property and Equipment, Net	598,997	615,870
Mortgage Receivable, Net	516,795	521,535
Interest in Gatorade Trust	5,438,000	5,350,000
Land - Patient's Park	90,000	90,000
<b>Total Assets</b>	<b>\$ 21,088,718</b>	<b>\$ 18,415,964</b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts Payable	\$ 16,219	\$ 50,875
Grants Payable	1,629,086	2,201,927
Agency Funds Payable	3,928,635	2,865,521
Mortgage Note Payable	292,067	358,775
<b>Total Liabilities</b>	<b>5,866,007</b>	<b>5,477,098</b>
Net Assets:		
Unrestricted	2,500,670	2,261,433
Temporarily Restricted	2,550,352	1,763,646
Permanently Restricted	10,171,689	8,913,787
<b>Total Net Assets</b>	<b>15,222,711</b>	<b>12,938,866</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 21,088,718</b>	<b>\$ 18,415,964</b>

*See accompanying notes.*

**Statement of Activities**  
**For the Year Ended December 31, 2017**  
**Community Foundation of North Central Florida, Inc.**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Support and Revenues:</b>				
Contributions:				
Board	\$ 14,605	\$ --	\$ --	\$ 14,605
Other	1,014,479	2,543,099	800,650	4,358,228
Royalty Income – Gatorade Trust	503,177	--	232,654	735,831
Other Investment Income:				
Interest and Dividends from Investments	41,634	73,999	22,055	137,688
Interest on Mortgage Receivable	--	41,551	--	41,551
Fund Administration Fee	35,453	--	--	35,453
Rental Income	9,600	--	--	9,600
Center for Non Profit Excellence	18,061	--	--	18,061
Miscellaneous Revenue	17,905	--	--	17,905
Reclassifications:				
Donor Restriction Released	49,716	--	(49,716)	--
Satisfaction of Purpose Restrictions	2,275,792	(2,275,792)	--	--
<b>Total Support and Revenues</b>	<b>3,980,422</b>	<b>382,857</b>	<b>1,005,643</b>	<b>5,368,922</b>
<b>Expenses:</b>				
Program Services:				
Grants	3,468,190	--	--	3,468,190
Expenses	117,128	--	--	117,128
Allocated Overhead	121,337	--	--	121,337
Total Program Expenses	3,706,655	--	--	3,706,655
Supporting Activities:				
Management and General	162,563	--	--	162,563
Fundraising	123,074	--	--	123,074
<b>Total Expenses</b>	<b>3,992,292</b>	<b>--</b>	<b>--</b>	<b>3,992,292</b>
Change in Net Assets before Gains and Losses	(11,870)	382,857	1,005,643	1,376,630
Gain/(Loss) on Investments	251,107	403,849	164,259	819,215
Gain/(Loss) on Interest in Gatorade Trust	--	--	88,000	88,000
<b>Change in Net Assets</b>	<b>239,237</b>	<b>786,706</b>	<b>1,257,902</b>	<b>2,283,845</b>
<b>Net Assets, January 1, 2017</b>	<b>2,261,433</b>	<b>1,763,646</b>	<b>8,913,787</b>	<b>12,938,866</b>
<b>Net Assets, December 31, 2017</b>	<b>\$ 2,500,670</b>	<b>\$ 2,550,352</b>	<b>\$10,171,689</b>	<b>\$ 15,222,711</b>

*See accompanying notes.*

**Statement of Activities**  
**For the Year Ended December 31, 2016**  
**Community Foundation of North Central Florida, Inc.**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<u>Support and Revenues:</u>				
Contributions:				
Board	\$ 12,750	\$ --	\$ --	\$ 12,750
Other	1,446,148	1,871,685	198,625	3,516,458
Royalty Income – Gatorade Trust	726,789	--	--	726,789
Other Investment Income:				
Interest and Dividends from Investments	55,962	61,615	18,385	135,962
Interest on Mortgage Receivable	--	41,915	--	41,915
Fund Administration Fee	29,273	--	--	29,273
Rental Income	9,600	--	--	9,600
Center for Non Profit Excellence	23,100	--	--	23,100
Miscellaneous Revenue	6,619	--	--	6,619
Reclassifications:				
Donor Restriction Released	943,613	--	(943,613)	--
Satisfaction of Purpose Restrictions	1,818,912	(1,818,912)	--	--
<b>Total Support and Revenues</b>	<b>5,072,766</b>	<b>156,303</b>	<b>(726,603)</b>	<b>4,502,466</b>
<u>Expenses:</u>				
Program Services:				
Grants	4,341,344	--	--	4,341,344
Expenses	100,310	--	--	100,310
Allocated Overhead	112,810	--	--	112,810
Total Program Expenses	4,554,464	--	--	4,554,464
Supporting Activities:				
Management and General	141,114	--	--	141,114
Fundraising	133,032	--	--	133,032
<b>Total Expenses</b>	<b>4,828,610</b>	<b>--</b>	<b>--</b>	<b>4,828,610</b>
Change in Net Assets before Gains and Losses	244,156	156,303	(726,603)	(326,144)
Gain/(Loss) on Investments	134,895	191,593	83,354	409,842
Gain/(Loss) on Interest in Gatorade Trust	--	--	256,000	256,000
<b>Change in Net Assets</b>	<b>379,051</b>	<b>347,896</b>	<b>(387,249)</b>	<b>339,698</b>
<b>Net Assets, January 1, 2016</b>	<b>1,882,382</b>	<b>1,415,750</b>	<b>9,301,036</b>	<b>12,599,168</b>
<b>Net Assets, December 31, 2016</b>	<b>\$ 2,261,433</b>	<b>\$ 1,763,646</b>	<b>\$ 8,913,787</b>	<b>\$ 12,938,866</b>

*See accompanying notes.*

**Statements of Cash Flows**  
**For the Years Ended December 31, 2017 and 2016**  
**Community Foundation of North Central Florida, Inc.**

	<u>2017</u>	<u>2016</u>
<b>Cash Flows from Operating Activities:</b>		
Change in Net Assets	\$ 2,283,845	\$ 339,698
Adjustments:		
Net (Gain)/Loss on Investments	(819,215)	(409,842)
(Gain)/Loss on Interest in Gatorade Trust	(88,000)	(256,000)
Cash Contributions Restricted to Long-Term Investment	(800,650)	(198,625)
Program Loan Discount Amortization	(5,853)	(5,603)
Depreciation Expense	16,873	16,873
Changes In:		
Receivables:		
Pledges	356,905	(1,005,771)
Other	(17,550)	9,600
Prepaid Expense	(13,458)	12,623
Accounts Payable	(34,656)	(105,524)
Grants Payable	(572,841)	2,096,427
Agency Funds	<u>1,063,114</u>	<u>160,789</u>
<b>Net Cash Provided by (Used In) Operating Activities</b>	<b>1,368,514</b>	<b>654,645</b>
<b>Cash Flows from Investing Activities:</b>		
Securities Purchased	(4,780,505)	(1,641,331)
Securities Sold	2,881,427	1,308,831
Mortgage Loan Collections	<u>10,593</u>	<u>9,979</u>
<b>Net Cash Provided by (Used In) Investing Activities</b>	<b>(1,888,485)</b>	<b>(322,521)</b>
<b>Cash Flows from Financing Activities:</b>		
Payments on Notes Payable	(66,708)	(81,248)
Contributions Restricted to Long-Term Investment	<u>800,650</u>	<u>198,625</u>
<b>Net Cash Flows from Financing Activities</b>	<b><u>733,942</u></b>	<b><u>117,377</u></b>
<b>Net Change in Cash and Equivalents</b>	<b>213,971</b>	<b>449,501</b>
<b>Cash, Beginning of Year</b>	<b><u>1,119,905</u></b>	<b><u>670,404</u></b>
<b>Cash, End of Year</b>	<b><u>\$ 1,333,876</u></b>	<b><u>\$ 1,119,905</u></b>
Amount of Interest Cost Paid	<u>\$ 16,614</u>	<u>\$ 18,752</u>

*See accompanying notes.*

**Statements of Functional Expenses**  
**For the Years Ended December 31, 2017 and 2016**  
**Community Foundation of North Central Florida, Inc.**

	2017			
	Program	Management	Fund	
	Services	and General	Raising	Totals
Salaries and Benefits	\$ 59,668	\$ 59,801	\$ 67,071	\$ 186,540
Grants to Other Organizations	3,468,190	--	--	3,468,190
Direct Program Expenses	117,128	--	--	117,128
Advertising	5,311	5,336	5,966	16,613
Depreciation	5,393	5,420	6,060	16,873
Interest Expense	5,311	5,336	5,967	16,614
Insurance	716	720	805	2,241
Investment Management Fees	--	21,160	--	21,160
Occupancy	5,535	5,562	6,218	17,315
Office Expense	12,956	13,016	14,557	40,529
Professional Fees	--	32,454	--	32,454
Special Events	12,756	--	1,048	13,804
Technology	12,402	12,462	13,933	38,797
Travel	1,289	1,296	1,449	4,034
<b>TOTALS</b>	<b>\$ 3,706,655</b>	<b>\$ 162,563</b>	<b>\$ 123,074</b>	<b>\$ 3,992,292</b>

	2016			
	Program	Management	Fund	
	Services	and General	Raising	Totals
Salaries and Benefits	\$ 57,278	\$ 50,064	\$ 69,392	\$ 176,734
Grants to Other Organizations	4,341,344	--	--	4,341,344
Direct Program Expenses	100,310	--	--	100,310
Advertising	2,818	2,460	3,364	8,642
Depreciation	5,503	4,803	6,567	16,873
Interest Expense	6,115	5,338	7,299	18,752
Insurance	748	653	893	2,294
Investment Management Fees	--	19,809	--	19,809
Occupancy	9,498	8,289	11,336	29,123
Office Expense	12,035	10,505	14,365	36,905
Professional Fees	--	29,779	--	29,779
Special Events	8,028	--	6,943	14,971
Technology	9,078	7,923	10,834	27,835
Travel	1,709	1,491	2,039	5,239
<b>TOTALS</b>	<b>\$ 4,554,464</b>	<b>\$ 141,114</b>	<b>\$ 133,032</b>	<b>\$ 4,828,610</b>

*See accompanying notes.*

**Notes to Financial Statements**  
**December 31, 2017 and 2016**  
**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.

Property and Equipment

The Corporation capitalizes property 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, 2017 and 2016**  
**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.

(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. These excess amounts are time restricted.

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 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 and instructors for the Center for Nonprofit Excellence, none of these services were recorded since they did not meet the criteria for recognition.
- **Bequests.** The Corporation is a beneficiary under several donors' wills. Contribution from bequests are recognized as contributions receivable when the probate court declares that the will is valid and the organization has an irrevocable right to the bequest.

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, 2017 and 2016**  
**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 \$798,302 and \$719,315 in excess of FDIC insurance coverage as of December 31, 2017 and 2016, respectively.

**NOTE 3 – Pledges Receivable**

Pledges receivable represents two pledges from two donors that are expected to be received over the next three years. The net amount expected to be received is discounted at an estimated risk adjusted rate of 2%.

	<u>2017</u>	<u>2016</u>
2017	\$ --	\$ 600,000
2018	670,000	550,000
2019	162,500	125,000
2020	37,500	--
2021	37,500	--
Total	<u>907,500</u>	<u>1,275,000</u>
Less-Unamortized Discount	<u>(14,949)</u>	<u>(25,544)</u>
<b>Pledges Receivable, Net</b>	<b><u>\$ 892,551</u></b>	<b><u>\$ 1,249,456</u></b>

**NOTE 4 – Property and Equipment, Net**

	<u>2017</u>	<u>2016</u>
Office Furniture and Equipment	\$ 3,217	\$ 3,217
Building	658,053	658,053
Less Accumulated Depreciation	<u>(62,273)</u>	<u>(45,400)</u>
<b>Property and Equipment, Net</b>	<b><u>\$ 598,997</u></b>	<b><u>\$ 615,870</u></b>

**Notes to Financial Statements**  
**December 31, 2017 and 2016**  
**Community Foundation of North Central Florida, Inc.**

**NOTE 5 – Investments**

The following provides a summary of amounts held:

	<u>Investments</u>	<u>Cash</u>	<u>Total</u>
<b>At December 31, 2017</b>			
SunTrust	\$ 19,140	\$ 334	\$ 19,474
Community Bank & Trust	67,539	42,140	109,679
Merrill Lynch	246,785	9,903	256,688
Fidelity	11,544,758	246,492	11,791,250
<b>Total</b>	<b><u>\$ 11,878,222</u></b>	<b><u>\$ 298,869</u></b>	<b><u>\$ 12,177,091</u></b>
	<u>Investments</u>	<u>Cash</u>	<u>Total</u>
<b>At December 31, 2016</b>			
SunTrust	\$ 15,554	\$ --	\$ 15,554
Community Bank & Trust	30,382	35,557	65,939
Merrill Lynch	226,486	2,499	228,985
Fidelity	8,960,938	187,382	9,148,320
<b>Total</b>	<b><u>\$ 9,233,360</u></b>	<b><u>\$ 225,438</u></b>	<b><u>\$ 9,458,798</u></b>

Investments are held as follows:

	<u>2017</u>	<u>2016</u>
<b>Mutual Funds – Fixed Income:</b>		
Community Bank & Trust	\$ 31,522	\$ 13,525
Merrill Lynch	84,100	80,975
Fidelity	4,043,131	3,204,982
<b>Mutual Funds – Equities:</b>		
SunTrust	19,140	16,857
Community Bank & Trust	36,017	15,554
Merrill Lynch	162,685	145,511
Fidelity	7,501,627	5,755,956
<b>Total Investments</b>	<b><u>\$ 11,878,222</u></b>	<b><u>\$ 9,233,360</u></b>

Net return on investment consists of the following:

	<u>2017</u>	<u>2016</u>
Interest and Dividends	\$ 201,822	\$ 200,458
Management Fees	(28,945)	(26,659)
Net Gain/(Loss)	1,191,331	583,220
<b>Total Return on Investments</b>	<b><u>\$ 1,364,208</u></b>	<b><u>\$ 757,019</u></b>

These amounts are reported in the financial statements as follows:

	<u>2017</u>	<u>2016</u>
Reported on the Statement of Activities:		
Interest and Dividends	\$ 137,688	\$ 135,962
Management Fees	(21,160)	(19,809)
Net Gain/(Loss)	819,215	409,842
Change in Agency Payable:		
Interest and Dividends	64,134	64,496
Management Fees	(7,785)	(6,850)
Net Gain/(Loss)	372,116	173,378
<b>Total Return on Investments</b>	<b><u>\$ 1,364,208</u></b>	<b><u>\$ 757,019</u></b>

**Notes to Financial Statements**  
**December 31, 2017 and 2016**  
**Community Foundation of North Central Florida, Inc.**

**NOTE 6 – 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 7 – 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.

**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, 2017 was 7.36.) 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>2017</b>	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Marketable Securities	\$12,177,091	\$ --	\$12,177,091
Interest in Gatorade Trust	--	5,438,000	5,438,000
<b>Total</b>	<u>\$12,177,091</u>	<u>\$ 5,438,000</u>	<u>\$17,615,091</u>
<b>2016</b>	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Marketable Securities	\$ 9,458,798	\$ --	\$ 9,458,798
Interest in Gatorade Trust	--	5,350,000	5,350,000
<b>Total</b>	<u>\$ 9,458,798</u>	<u>\$ 5,350,000</u>	<u>\$14,808,798</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, 2017 and 2016**  
**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>
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
<b>Totals</b>	<b><u>\$ 708,207</u></b>	<b><u>\$ 636,052</u></b>	<b><u>\$ 1,344,259</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>2017</u>	<u>2016</u>
Unpaid principal	\$ 708,207	\$ 718,800
Unamortized discount	(191,412)	(197,265)
<b>Net amount reported</b>	<b><u>\$ 516,795</u></b>	<b><u>\$ 521,535</u></b>

**NOTE 10 – Mortgage Note Payable**

The Corporation borrowed funds for the purchase, design and renovation of a condo for office space. The original loans called for one annual payment. These loans were refinanced in November 2017. The loans are secured by real property and bear interest at 4.25%. Terms on the loans call for monthly payments of \$1,799 and \$1,221. The following is a summary of payments due:

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2018	\$ 24,305	\$ 11,942	\$ 36,247
2019	25,359	10,888	36,247
2020	26,429	9,818	36,247
2021	27,603	8,644	36,247
2022	28,799	7,448	36,247
2023	30,047	6,200	36,247
2024	31,334	4,913	36,247
2025	32,707	3,540	36,247
2026	34,125	2,122	36,247
2027	31,359	641	32,000
<b>Totals</b>	<b><u>\$ 292,067</u></b>	<b><u>\$ 66,156</u></b>	<b><u>\$ 358,223</u></b>

**Notes to Financial Statements**  
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**NOTE 11 – Grants Payable**

Grants payable represents promises to give. These promises are scheduled to be fulfilled as follows:

	<u>2017</u>	<u>2016</u>
2017	\$ --	\$ 856,764
2018	900,590	750,000
2019	584,375	500,000
2020	178,125	150,000
Total	<u>1,663,090</u>	<u>2,256,764</u>
Less-Unamortized Discount	<u>(34,004)</u>	<u>(54,837)</u>
<b>Grants Payable, Net</b>	<b><u>\$ 1,629,086</u></b>	<b><u>\$ 2,201,927</u></b>

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

**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>2017</u>	<u>2016</u>
Alachua Conservation Trust	\$ 947,390	\$ 845,601
Alachua County Public Schools Foundation	76,667	87,530
Alachua Humane Society	51,383	10,428
Dance Alive!	--	49,790
Einstein School	211,507	63,554
Gainesville Civic Chorus	17,510	15,386
Gainesville Fine Arts Association	35,566	31,974
Gainesville Fisher House	771,769	525,222
Girls Place	78,479	5,230
Guardian Foundation	104,166	92,736
Junior Achievement	225,103	203,004
Jungle Friends Primate Sanctuary	222,859	104,562
Historic Melrose	24,378	34,115
Historic Trust Matheson Museum	145,356	54,255
Melrose Library Association	111,611	66,305
Meridian Behavioral Healthcare	137,690	118,371
Meridian-Haynie Trust	581,470	518,996
Operation Catnip	55,127	--
Reichert House	77,221	38,462
United Way of North Central Florida	53,383	--
<b>Total</b>	<b><u>\$ 3,928,635</u></b>	<b><u>\$ 2,865,521</u></b>

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**NOTE 13 – Unrestricted Net Assets**

Unrestricted net assets consist of the following:

	<u>2017</u>	<u>2016</u>
Donor Advised Funds – Endowments in Deficit	\$ (2,258)	\$ (24,629)
Donor Advised Funds – Other	2,341,362	2,223,530
Invested in Property and Equipment	306,930	257,095
Funds with Negative Fund Balance	(3,517)	(8,038)
Other - Deficit	(141,847)	(186,525)
<b>Total</b>	<b><u>\$ 2,500,670</u></b>	<b><u>\$ 2,261,433</u></b>

**NOTE 14 – Temporarily Restricted Net Assets**

Temporarily restricted net assets consist of the following:

	<u>2016</u>	<u>Added</u>	<u>Released</u>	<u>2017</u>
<b>Time Restricted:</b>				
Pledges Receivable	\$ 150,000	\$ --	\$ (80,000)	\$ 70,000
Endowment Surplus	502,023	970,053	(125,965)	1,346,111
<b>Purpose Restricted:</b>				
Educational Grants	404,491	99,648	(47,989)	456,150
Health and Human Service Grants	539,741	1,621,717	(1,682,707)	478,751
Civic & Community Grants	91,829	11,630	(8,504)	94,955
Other Grants	25,562	359,450	(280,627)	104,385
Restricted for Mortgage Payment	50,000	--	50,000	--
<b>Total</b>	<b><u>\$ 1,763,646</u></b>	<b><u>\$ 3,062,498</u></b>	<b><u>\$ (2,275,792)</u></b>	<b><u>\$ 2,550,352</u></b>

**NOTE 15 – Permanently Restricted Net Assets**

Permanently restricted net assets consist of the following:

	<u>2016</u>	<u>Added</u>	<u>Released</u>	<u>2017</u>
Patients' Park (see Note 7)	\$ 90,000	\$ --	\$ --	\$ 90,000
Cade Family Fund (see Note 6)	4,473,261	331,733	--	4,804,994
Donor Advised Endowment Funds	3,930,548	939,135	(49,716)	4,819,967
Field of Interest Endowments	177,195	26,750	--	203,945
General Endowment Fund	242,783	10,000	--	252,783
<b>Total</b>	<b><u>\$ 8,913,787</u></b>	<b><u>\$ 1,307,618</u></b>	<b><u>\$ (49,716)</u></b>	<b><u>\$ 10,171,689</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.

In, 2016, the Corporation entered into a multi-year commitment to provide funding to the Cade Museum. This commitment has been recorded in Grants Payable in the statement of financial position. The grant will be funded by future royalties of the Gatorade Trust. The value of the grant is shown in the statement of activities as a reclassification from permanently restricted net assets in 2016.

**Notes to Financial Statements**  
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**NOTE 16 – Endowment Funds**

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

	<b>2016</b>			Totals
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Cade Family Fund	\$ --	\$ --	\$ 4,473,261	\$ 4,473,261
Donor Advised Funds	(24,629)	460,846	3,930,548	4,366,765
Field of Interest Funds	--	17,465	177,195	194,660
General Endowment	--	23,712	242,783	266,495
<b>Totals – December 31, 2015</b>	<b>\$ (24,629)</b>	<b>\$ 502,023</b>	<b>\$ 8,823,787</b>	<b>\$ 9,301,181</b>

	<b>2017</b>			Totals
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Cade Family Fund	\$ --	\$ --	\$ 4,804,994	\$ 4,804,994
Donor Advised Funds	(2,258)	1,263,581	4,819,967	6,081,290
Field of Interest Funds	--	35,383	203,945	239,328
General Endowment	--	47,147	252,783	299,930
<b>Totals – December 31, 2016</b>	<b>\$ (2,258)</b>	<b>\$ 1,346,111</b>	<b>\$ 10,081,689</b>	<b>\$ 11,425,542</b>

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

	<b>2016</b>			Totals
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>Balance – December 31, 2015</b>	<b>\$ (28,153)</b>	<b>\$ 419,170</b>	<b>\$ 9,211,036</b>	<b>\$ 9,602,053</b>
Investment Income (net of expenses)	3,524	95,350	18,385	117,259
Net Gain/(Loss)	--	158,528	363,354	521,882
Contributions	--	30,000	174,625	204,625
Grants	--	(201,025)	(943,613)	(1,144,638)
<b>Balance – December 31, 2016</b>	<b>\$ (24,629)</b>	<b>\$ 502,023</b>	<b>\$ 8,823,787</b>	<b>\$ 9,301,181</b>
Investment Income (net of expenses)	22,371	20,609	10,976	53,956
Net Gain/(Loss)	--	381,837	252,259	634,096
Contributions	--	517,860	800,650	1,318,510
Royalties	--	--	243,733	243,733
Grants	--	(76,218)	(49,716)	(125,934)
<b>Balance – December 31, 2017</b>	<b>\$ (2,258)</b>	<b>\$ 1,346,111</b>	<b>\$ 10,081,689</b>	<b>\$ 11,425,542</b>

**NOTE 17 – Grants to Other Organizations**

The Corporation makes donations to other charitable organizations for the following purposes:

	<b>2017</b>	<b>2016</b>
Educational	\$ 572,741	\$ 1,392,875
Animals and Environment	428,054	100,634
Health and Human Services	1,207,743	2,666,375
Civic and Community	101,960	36,285
Youth	1,069,729	54,959
Arts and Culture	77,863	68,716
International	10,100	21,500
<b>Total</b>	<b>\$ 3,468,190</b>	<b>\$ 4,341,344</b>



**Notes to Financial Statements**  
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**NOTE 18 – Commitments**

At December 31, 2017, the Corporation had signed a program loan agreement committing to \$100,000 to be disbursed in 2018.

**NOTE 19 – Related Party Transactions**

The Corporation paid approximately \$900 for insurance to a company which is owned by the spouse of a board member during each of the years ending 2015 and 2016.

**NOTE 20 – Subsequent Events**

The Corporation evaluated events and transactions for potential recognition or disclosure through September 20, 2018, which is the date the financial statements were available to be issued.