

Community Foundation of North Central Florida, Inc.

Financial Statements
And
Independent Auditors' Reports
December 31, 2016 and 2015

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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

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, 2016 and 2015, 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, 2016 and 2015, 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 21, 2017
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, 2016 and 2015
Community Foundation of North Central Florida, Inc.

Assets	2016	2015
Cash – Checking	\$ 1,119,905	\$ 670,404
Investments – Securities	9,458,798	8,716,456
Pledges Receivable	1,249,456	243,685
Other Receivables	10,400	20,000
Prepaid Expense	--	12,623
Property and Equipment, Net	615,870	632,743
Mortgage Receivable, Net	521,535	525,911
Interest in Gatorade Trust	5,350,000	5,094,000
Land - Patient's Park	90,000	90,000
Total Assets	\$ 18,415,964	\$ 16,005,822
Liabilities and Net Assets		
Liabilities:		
Accounts Payable	\$ 97,439	\$ 156,399
Grants Payable	2,155,363	105,500
Agency Funds Payable	2,865,521	2,704,732
Mortgage Note Payable	358,775	440,023
Total Liabilities	5,477,098	3,406,654
Net Assets:		
Unrestricted	2,261,433	1,882,382
Temporarily Restricted	1,763,646	1,415,750
Permanently Restricted	8,913,787	9,301,036
Total Net Assets	12,938,866	12,599,168
Total Liabilities and Net Assets	\$ 18,415,964	\$ 16,005,822

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
Support and Revenues:				
Contributions	\$ 1,458,898	\$ 1,871,685	\$ 198,625	\$ 3,529,208
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)	--	--
Total Support and Revenues	5,072,766	156,303	(726,603)	4,502,466
Expenses:				
Program Services:				
Grants	3,866,352	--	--	3,866,352
Expenses	575,302	--	--	575,302
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
Total Expenses	4,828,610	--	--	4,828,610
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
Change in Net Assets	379,051	347,896	(387,249)	339,698
Net Assets, January 1, 2016	1,882,382	1,415,750	9,301,036	12,599,168
Net Assets, December 31, 2016	\$ 2,261,433	\$ 1,763,646	\$ 8,913,787	\$ 12,938,866

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
<u>Support and Revenues:</u>				
Contributions	\$ 1,631,388	\$ 538,403	\$ 165,651	\$ 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	26,853	--	--	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	69,164	--	(69,164)	--
Satisfaction of Purpose Restrictions	701,120	(701,120)	--	--
Total Support and Revenues	3,196,870	(73,964)	116,779	3,239,685
<u>Expenses:</u>				
Program Services:				
Grants	1,878,690	--	--	1,878,690
Expenses	337,225	--	--	337,225
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	633,322	(73,964)	116,779	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	538,364	(159,443)	974,491	1,353,412
Net Assets, January 1, 2015	1,344,018	1,575,193	8,326,545	11,245,756
Net Assets, December 31, 2015	\$ 1,882,382	\$ 1,415,750	\$ 9,301,036	\$ 12,599,168

See accompanying notes.

Statements of Cash Flows
For the Years Ended December 31, 2016 and 2015
Community Foundation of North Central Florida, Inc.

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 339,698	\$ 1,353,412
Adjustments:		
Net (Gain)/Loss on Investments	(409,842)	236,725
(Gain)/Loss on Interest in Gatorade Trust	(256,000)	(914,000)
Cash Contributions Restricted to Long-Term Investment	(198,625)	(177,651)
Program Loan Discount Amortization	(5,603)	(5,551)
Depreciation Expense	16,873	16,874
Changes In:		
Receivables	(996,171)	74,241
Prepaid Expense	12,623	(12,223)
Accounts Payable	(58,960)	153,169
Grants Payable	2,049,863	105,500
Agency Funds	160,789	469,356
	654,645	1,299,852
Net Cash Provided by (Used In) Operating Activities		
Cash Flows from Investing Activities:		
Securities Purchased	(1,641,331)	(1,632,013)
Securities Sold	1,308,831	174,010
Mortgage Loan Collections	9,979	9,592
	(322,521)	(1,448,411)
Net Cash Provided by (Used In) Investing Activities		
Cash Flows from Financing Activities:		
Payments on Notes Payable	(81,248)	(77,984)
Contributions Restricted to Long-Term Investment	198,625	177,651
	117,377	99,667
Net Cash Flows from Financing Activities		
Net Change in Cash and Equivalents	449,501	(48,892)
Cash, Beginning of Year	670,404	719,296
Cash, End of Year	\$ 1,119,905	\$ 670,404
Amount of Interest Cost Paid	\$ 18,752	\$ 22,015

See accompanying notes.

Statements of Functional Expenses
For the Years Ended December 31, 2016 and 2015
Community Foundation of North Central Florida, Inc.

	2016			
	Program Services	Management and General	Fund Raising	Totals
Salaries and Benefits	\$ 57,278	\$ 50,064	\$ 69,392	\$ 176,734
Grants to Other Organizations	3,866,352	--	--	3,866,352
Direct Program Expenses	575,302	--	--	575,302
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
TOTALS	<u>\$ 4,554,464</u>	<u>\$ 141,114</u>	<u>\$ 133,032</u>	<u>\$ 4,828,610</u>

	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>

See accompanying notes.

Notes to Financial Statements
December 31, 2016 and 2015
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, 2016 and 2015
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, 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, 2016 and 2015
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 \$719,315 and \$65,685 in excess of FDIC insurance coverage as of December 31, 2016 and 2015, respectively.

NOTE 3 – Pledges Receivable

Pledges receivable represents two pledges from two donors that are expected to be received over the next three years as follows:

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

	<u>2016</u>	<u>2015</u>
2016	\$ --	\$ 100,000
2017	600,000	100,000
2018	550,000	50,000
2019	125,000	--
Total	<u>1,275,000</u>	<u>250,000</u>
Less-Unamortized Discount	<u>(25,544)</u>	<u>(6,315)</u>
Pledges Receivable, Net	<u>\$ 1,249,456</u>	<u>\$ 243,685</u>

NOTE 4 – Property and Equipment, Net

	<u>2016</u>	<u>2015</u>
Office Furniture and Equipment	\$ 3,217	\$ 3,217
Building	658,053	658,053
Less Accumulated Depreciation	<u>(45,400)</u>	<u>(28,527)</u>
Fixed Assets, Net	<u>\$ 615,870</u>	<u>\$ 632,743</u>

Notes to Financial Statements
December 31, 2016 and 2015
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>
At December 31, 2016			
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
Total	<u>\$ 9,233,360</u>	<u>\$ 225,438</u>	<u>\$ 9,458,798</u>
	<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>

Investments are held as follows:

	<u>2016</u>	<u>2015</u>
Mutual Funds – Fixed Income:		
Community Bank & Trust	\$ 13,525	\$ --
Merrill Lynch	80,975	142,842
Fidelity	3,204,982	2,889,412
Mutual Funds – Equities:		
SunTrust	16,857	19,755
Community Bank & Trust	15,554	--
Merrill Lynch	145,511	77,776
Fidelity	5,755,956	5,354,406
Total Investments	<u>\$ 9,233,360</u>	<u>\$ 8,484,191</u>

Net return on investment consists of the following:

	<u>2016</u>	<u>2015</u>
Interest and Dividends	\$ 200,458	\$ 141,209
Management Fees	(26,659)	(23,653)
Net Gain/(Loss)	583,220	(332,880)
Total Return on Investments	<u>\$ 757,019</u>	<u>\$ (215,324)</u>

These amounts are reported in the financial statements as follows:

	<u>2016</u>	<u>2015</u>
Reported on the Statement of Activities:		
Interest and Dividends	\$ 135,962	\$ 99,298
Management Fees	(19,809)	(17,600)
Net Gain/(Loss)	409,842	(236,725)
Change in Agency Payable:		
Interest and Dividends	64,496	41,911
Management Fees	(6,850)	(6,053)
Net Gain/(Loss)	173,378	(96,155)
Total Return on Investments	<u>\$ 757,019</u>	<u>\$ (215,324)</u>

Notes to Financial Statements
December 31, 2016 and 2015
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, 2016 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:

2016	<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
Total	<u>\$ 9,458,798</u>	<u>\$ 5,350,000</u>	<u>\$14,808,798</u>
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>

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, 2016 and 2015
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:

	Principal	Interest	Totals
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>\$ 718,800</u>	<u>\$ 671,750</u>	<u>\$ 1,390,550</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>2016</u>	<u>2015</u>
Unpaid principal	\$ 718,800	\$ 728,779
Unamortized discount	(197,265)	(202,868)
Net amount reported	<u>\$ 521,535</u>	<u>\$ 525,911</u>

NOTE 10 – Grants Payable

Grants payable represents promises to give. These promises will be fulfilled in the next one to four years as follows:

	<u>2016</u>	<u>2015</u>
2016	\$ --	\$ 105,500
2017	810,200	--
2018	750,000	--
2019	500,000	--
2020	150,000	--
Total	<u>2,210,200</u>	<u>105,500</u>
Less-Unamortized Discount	<u>(54,837)</u>	<u>--</u>
Pledges Receivable, Net	<u>\$ 1,249,456</u>	<u>\$ 105,500</u>

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

NOTE 11 – 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:

	Principal	Interest	Totals
2017	\$ 84,371	\$ 15,629	\$ 100,000
2018	274,404	10,784	285,188
Totals	<u>\$ 358,775</u>	<u>\$ 26,413</u>	<u>\$ 385,188</u>

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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>2016</u>	<u>2015</u>
Alachua Conservation Trust	\$ 845,601	\$ 787,010
Alachua County Public Schools Foundation	87,530	81,465
Alachua Humane Society	10,428	--
Dance Alive!	49,790	25,067
Einstein School	63,554	50,719
Gainesville Civic Chorus	15,386	12,498
Gainesville Fine Arts Association	31,974	29,979
Gainesville Fisher House	525,222	484,189
Girls Place	5,230	5,059
Guardian Foundation	92,736	86,269
Junior Achievement	203,004	190,787
Jungle Friends Primate Sanctuary	104,562	95,487
Historic Melrose	34,115	31,751
Historic Trust Matheson Museum	54,255	147,021
Melrose Library Association	66,305	47,492
Meridian Behavioral Healthcare	118,371	108,099
Meridian-Haynie Trust	518,996	483,036
Reichert House	38,462	38,804
Total	<u>\$ 2,865,521</u>	<u>\$ 2,704,732</u>

NOTE 13 – Unrestricted Net Assets

Unrestricted net assets consist of the following:

	<u>2016</u>	<u>2015</u>
Donor Advised Funds – Endowments in Deficit	\$ (24,629)	\$ (28,153)
Donor Advised Funds – Other	2,223,530	1,973,386
Invested in Property and Equipment	257,095	192,720
Funds with Negative Fund Balance	(8,038)	(95,178)
Other - Deficit	(186,525)	(160,393)
Total	<u>\$ 2,261,433</u>	<u>\$ 1,882,382</u>

NOTE 14 – Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following:

	<u>2015</u>	<u>Added</u>	<u>Released</u>	<u>2016</u>
Time Restricted:				
Pledges Receivable	\$ 243,685	\$ --	\$ 93,685	\$ 150,000
Endowment Surplus	419,170	283,878	201,025	502,023
Purpose Restricted:				
Educational Grants	390,126	87,063	72,698	404,491
Health and Human Service Grants	220,553	1,744,663	1,425,475	539,741
Civic & Community Grants	86,100	7,481	1,752	91,829
Other Grants	6,116	43,723	24,277	25,562
Restricted for Mortgage Payment	50,000	--	--	50,000
Total	<u>\$ 1,415,750</u>	<u>\$ 2,166,808</u>	<u>\$ 1,818,912</u>	<u>\$ 1,763,646</u>

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NOTE 15 – Permanently Restricted Net Assets

Permanently restricted net assets consist of the following:

	<u>2015</u>	<u>Added</u>	<u>Released</u>	<u>2016</u>
Patients' Park (see Note 7)	\$ 90,000	\$ --	\$ --	\$ 90,000
Cade Family Fund (see Note 6)	5,094,000	256,000	(876,739)	4,473,261
Donor Advised Endowment Funds	3,745,183	252,239	(66,874)	3,930,548
Field of Interest Endowments	139,070	38,125	--	177,195
General Endowment Fund	232,783	10,000	--	242,783
Total	<u>\$ 9,301,036</u>	<u>\$ 566,364</u>	<u>\$ (943,613)</u>	<u>\$ 8,913,787</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 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.

NOTE 16 – Endowment Funds

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

	<u>2015</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
Cade Family Fund	\$ --	\$ --	\$ 5,094,000	\$ 5,094,000
Donor Advised Funds	(28,153)	380,977	3,745,183	4,098,007
Field of Interest Funds	--	21,157	139,070	160,227
General Endowment	--	17,036	232,783	249,819
Totals – December 31, 2015	<u>\$ (28,153)</u>	<u>\$ 419,170</u>	<u>\$ 9,211,036</u>	<u>\$ 9,602,053</u>

	<u>2016</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
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
Totals – December 31, 2016	<u>\$ (24,629)</u>	<u>\$ 502,023</u>	<u>\$ 8,823,787</u>	<u>\$ 9,301,181</u>

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

	<u>2015</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
Balance – December 31, 2014	<u>\$ (24,332)</u>	<u>\$ 549,911</u>	<u>\$ 8,236,545</u>	<u>\$ 8,762,124</u>
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	165,751	175,778
Grants	(1,891)	(143,188)	(57,662)	(202,741)
Balance – December 31, 2015	<u>\$ (28,153)</u>	<u>\$ 419,170</u>	<u>\$ 9,211,036</u>	<u>\$ 9,602,053</u>
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)
Balance – December 31, 2016	<u>\$ (24,629)</u>	<u>\$ 502,023</u>	<u>\$ 8,823,787</u>	<u>\$ 9,301,181</u>

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NOTE 17 – Grants to Other Organizations

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

	<u>2016</u>	<u>2015</u>
Educational	\$ 1,392,875	\$ 285,526
Animals and Environment	100,634	275,983
Health and Human Services	2,191,383	212,964
Civic and Community	36,285	772,733
Youth	54,959	116,573
Arts and Culture	68,716	214,911
International	21,500	--
Total	<u>\$ 3,866,352</u>	<u>\$ 1,878,690</u>

NOTE 18 – 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 19 – Subsequent Events

The Corporation evaluated events and transactions for potential recognition or disclosure through September 21, 2017, which is the date the financial statements were available to be issued.