

**Community Foundation of  
North Central Florida, Inc.**

**Financial Statements**

**Year Ended  
December 31, 2022 and 2021**

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**INDEPENDENT AUDITOR'S REPORT**

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

**Opinion**

We have audited the accompanying financial statements of Community Foundation of North Central Florida, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Foundation of North Central Florida, Inc. as of December 31, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Community Foundation of North Central Florida, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Foundation of North Central Florida, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

## **Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Community Foundation of North Central Florida, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Foundation of North Central Florida, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Report on Summarized Comparative Information**

We have previously audited Community Foundation of North Central Florida, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 1, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Moss, Krusick & Associates, LLC*

Winter Park, Florida  
August 29, 2023

**Community Foundation of North Central Florida, Inc.**

**STATEMENTS OF FINANCIAL POSITION**

**December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
Assets:		
Cash - Checking	\$ 377,831	\$ 453,838
Investments - Securities	9,035,356	10,454,558
Contributions Receivable	1,242,695	365,790
Beneficial Interest in Lead Trust	962,367	-
Other Receivables	239,408	233,588
Prepaid Expense	3,570	7,325
Property and Equipment, net	604,631	621,504
Restricted to Long-Term Investment:		
Investments	6,331,953	7,413,405
Mortgage Receivable, net	438,093	460,004
Interest in Gatorade Trust	7,351,495	6,221,000
Kirenga Tech Fund	<u>172,088</u>	<u>200,000</u>
Total Assets	<u>\$ 26,759,487</u>	<u>\$ 26,431,012</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts Payable	\$ 10,031	\$ 3,315
Grants Payable	1,679,393	301,717
Agency Funds Payable	<u>4,358,361</u>	<u>5,109,616</u>
Total Liabilities	6,047,785	5,414,648
Net Assets:		
Without Donor Restrictions	3,750,684	3,948,671
With Donor Restrictions	<u>16,961,018</u>	<u>17,067,693</u>
Total Net Assets	<u>20,711,702</u>	<u>21,016,364</u>
Total Liabilities and Net Assets	<u>\$ 26,759,487</u>	<u>\$ 26,431,012</u>

The accompanying notes are an integral part of these financial statements.

Community Foundation of North Central Florida, Inc.

STATEMENTS OF ACTIVITIES

Year Ended December 31, 2022

(with summarized financial information for the year ended December 31, 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b><u>Support and Revenues:</u></b>				
Contributions:				
Government Grant	\$ 30,080	\$ -	\$ 30,080	\$ 53,923
Beneficial Interest in Lead Trust	75,000	962,367	1,037,367	-
Other	2,477,764	762,310	3,240,074	2,893,804
Royalty Income - Gatorade Trust	1,062,628	-	1,062,628	899,220
Interest on Mortgage Receivable	-	44,764	44,764	51,171
Fund Administration Fee	59,407	-	59,407	64,842
Rental Income	5,400	-	5,400	5,400
Center for Nonprofit Excellence	24,945	-	24,945	19,520
SPARC352 Apprentice	29,768	-	29,768	-
Miscellaneous Revenue	23,135	-	23,135	15,803
Support Provided by Expiring Time and Purpose Restrictions	1,985,217	(1,985,217)	-	-
Total Support and Revenues	5,773,344	(215,776)	5,557,568	4,003,683
<b><u>Expenses:</u></b>				
Program Services:				
Grants	4,998,513	-	4,998,513	2,325,377
Expenses	164,964	-	164,964	143,966
Allocated Overhead	206,159	-	206,159	225,249
Total Program Expenses	5,369,636	-	5,369,636	2,694,592
Supporting Activities:				
Management and General	144,101	-	144,101	126,109
Fundraising	181,343	-	181,343	159,893
Total Expenses	5,695,080	-	5,695,080	2,980,594
(Deficit)/Excess of Support and Revenue Over Expenses	78,264	(215,776)	(137,512)	1,023,089
Net Investment (Loss)/Return	(276,251)	(1,021,394)	(1,297,645)	1,354,036
Gain on Interest of Gatorade Trust	-	1,130,495	1,130,495	707,000
Change in Net Assets	(197,987)	(106,675)	(304,662)	3,084,125
<b>Net Assets, Beginning of Year</b>	3,948,671	17,067,693	21,016,364	17,932,239
<b>Net Assets, End of Year</b>	\$ 3,750,684	\$ 16,961,018	\$ 20,711,702	\$ 21,016,364

The accompanying notes are an integral part of these financial statements.

**Community Foundation of North Central Florida, Inc.**

**STATEMENTS OF CASH FLOWS**

**Years Ended December 31, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>Cash Flows from Operating Activities:</b>		
Change in Net Assets	\$ (304,662)	\$ 3,084,125
Adjustments:		
Net Loss/(Gain) on Investments	1,833,386	(1,938,945)
Gain on Interest in Gatorade Trust	(1,130,495)	(707,000)
Cash Contributions Restricted to Long-Term Investment	(191,144)	(147,264)
Program Loan Discount Amortization	(16,519)	(18,501)
Depreciation Expense	16,873	16,873
Changes in:		
Receivables:		
Contributions	(876,905)	558,010
Beneficial Interest in Lead Trust	(962,367)	-
Other	(5,820)	(110,475)
Prepaid Expense	3,755	(7,325)
Accounts Payable	6,716	730
Grants Payable	1,377,676	(550,547)
Agency Funds	(751,255)	488,755
	<u>(1,000,761)</u>	<u>668,436</u>
<b>Cash Flows from Investing Activities:</b>		
Securities Purchased	(1,210,123)	(1,355,082)
Securities Sold	1,905,303	137,248
Mortgage Loan Collections	38,430	39,548
	<u>733,610</u>	<u>(1,178,286)</u>
Net Cash Provided by (Used in) Investing Activities		
<b>Cash Flows from Financing Activities:</b>		
Payments on Notes Payable	-	(215,976)
Contributions Restricted to Long-Term Investment	191,144	147,264
	<u>191,144</u>	<u>(68,712)</u>
Net Cash Flows Provided by (Used in) Financing Activities		
Net Change in Cash	(76,007)	(578,562)
Cash, Beginning of Year	453,838	1,032,400
Cash, End of Year	<u>\$ 377,831</u>	<u>\$ 453,838</u>
<b>Supplemental Information:</b>		
Amount of Interest Cost Paid	<u>\$ -</u>	<u>\$ 7,866</u>

The accompanying notes are an integral part of these financial statements.

**Community Foundation of North Central Florida, Inc.**

**STATEMENTS OF FUNCTIONAL EXPENSES**

**Year Ended December 31, 2022**

**(with summarized financial information for the year ended December 31, 2021)**

	<b>2022</b>			<b>2021</b>	
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Totals</u>	<u>Totals</u>
Salaries and Benefits	\$ 100,896	\$ 69,186	\$ 118,192	\$ 288,274	\$ 317,489
Grants to Other Organizations	4,998,513	-	-	4,998,513	2,325,377
Direct Program Costs	164,964	-	-	164,964	143,966
Advertising	13,617	6,052	10,591	30,260	21,002
Depreciation	7,593	3,375	5,905	16,873	16,873
Interest Expense	-	-	-	-	7,866
Insurance	4,108	1,826	3,195	9,129	8,592
Occupancy	7,591	3,374	5,903	16,868	17,134
Office Expense	33,279	14,791	25,883	73,953	38,463
Professional Fees	10,300	38,826	-	49,126	40,907
Event Expenses	13,766	-	-	13,766	13,509
Technology	13,428	5,968	10,444	29,840	26,171
Travel	1,581	703	1,230	3,514	3,245
<b>Totals</b>	<u>\$ 5,369,636</u>	<u>\$ 144,101</u>	<u>\$ 181,343</u>	<u>\$ 5,695,080</u>	<u>\$ 2,980,594</u>

The accompanying notes are an integral part of these financial statements.



# Community Foundation of North Central Florida, Inc.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2022

### 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.

#### Basis of Accounting

The financial statements of the Corporation have been prepared on the accrual basis of accounting and are presented using accounting principles generally accepted in the United States of America, as applicable for not-for-profit corporations. (U.S. GAAP)

#### Cash and Cash Equivalents

Cash consists of 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.

**Community Foundation of North Central Florida, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2022**

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

Investments and Investment Policies (continued)

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.

Contributions Receivable

Contributions 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.

Fair Value Measurement

The Corporation has implemented accounting guidance relating to fair value measurements. This guidance establishes a framework for measuring fair value and expands disclosures about fair value measurements. This guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the Corporation has the ability to access as of the measurement date.

Level 2 - inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

Level 3 - unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of the unobservable inputs.

See Note 9 for a description of the valuation methodologies used for assets measured at fair value.

Community Foundation of North Central Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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

Net Assets

The Corporation's net assets, the excess of assets over liabilities, are reported in two classes that are based upon existence or absence of restriction on use that are placed by its donors, as follows:

*Net Assets Without Donor Restrictions* are available to support operations. The only limits of these net assets are the broad limits resulting from the nature of the organization.

*Net Assets With Donor Restrictions* are restricted by a donor for use for a particular purpose or for use in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions.

The Corporation's unspent contributions are included in this class if the donor limited their use. This class also includes its donor-restricted endowment fund.

When a donor's restriction is satisfied, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

(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 net assets without donor restrictions as a board-designated endowment to be invested to provide income for the NPO's 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 net assets with donor restrictions until appropriated for expenditure by the Board of Directors. These excess amounts are time restricted.

The majority of the Corporation's endowment assets are held in donor advised funds. The remainder are held in donor designated funds, seven field of interest funds and in the general

Community Foundation of North Central Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 1 – Summary of Significant Accounting Policies (continued)

Endowment Funds (continued)

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 donor advisors regarding distributions to be made.

Revenue Recognition – 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 net assets without donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as "support provided by expiring time and purpose 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.
- **Conditional Contributions.** Conditional contributions are recognized when the condition has been substantially met. Amounts received before the conditions have been met are reported as refundable advance.
- **Bequests.** The Corporation is a beneficiary under several donors' wills. Contributions from bequests are recognized as contributions receivable when the probate court declares that the will is valid and the Corporation has an irrevocable right to the bequest.

Investment Income and Gains

Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met in the reporting period in which the income and gains are earned.

Expense Classifications

The costs of programs and other activities have been summarized on a functional basis:

- **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.

Community Foundation of North Central Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 1 – Summary of Significant Accounting Policies (continued)

Expense Classifications (continued)

- **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** - those activities that provide governance, oversight, business and financial management, financial recordkeeping, budgeting, legal, and human resource management services.
- **Fundraising Expenses** - Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. Activities include publicizing and conducting fundraising campaigns, maintaining donor lists, conducting fundraising events, and any other activities that solicit contributions from corporations, foundations, individuals and others.

Expenses that can be identified with a specific function are charged directly to that function, whereas costs common to multiple functions have been allocated. Salaries and wages, benefits and payroll taxes are allocated based on employee estimates of the percentage of time spent in each function. Facilities, telecommunications, office, printing, supplies, insurance and depreciation expense are allocated based on salary allocations.

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.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (ASC 842)*, that requires lessees to put most leases on their balance sheets and recognize expenses on their income statements in a manner similar to today's capital lease accounting. For lessors, the guidance modifies the classification criteria for accounting for sales-type and direct financing leases. The Corporation adopted ASC 842 effective January 1, 2022. The adoption of this pronouncement had no impact to the financial statements.

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Non-financial Assets*, which requires the monitoring and tracking of gifts in kind by asset category, while also noting any donor-imposed restrictions. The Corporation adopted ASU 2020-07 effective January 1, 2022. The adoption of this pronouncement had no impact to the financial statements.

**Community Foundation of North Central Florida, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 2 – Liquidity and Availability**

The expenditures of the Corporation consist of grants, program expenses and general operating expenditures. Grants and program expenses are funded from available donor funds or unconditional promises from donors to provide funding. Financial assets available for general expenditure within one year are all financial assets without donor restrictions or board designations limiting their use as displayed in the following table:

Financial Assets:	2022	2021
Cash	\$ 377,831	\$ 453,838
Contributions Receivable	1,242,695	365,790
Beneficial Interest in Lead Trust	962,367	-
Other Receivables	239,408	233,588
Investments	15,367,309	17,867,963
Mortgage Receivable	438,093	460,004
Interest in Gatorade Trust	7,351,495	6,221,000
Kirenga Tech Fund	172,088	200,000
<b>Total Financial Assets</b>	<b>26,151,286</b>	<b>25,802,183</b>
<b>Less assets restricted or designated for:</b>		
Grant Payables (Note 11)	(1,679,393)	(301,717)
Agency Funds (Note 12)	(4,358,361)	(5,109,616)
Endowments (Note 15)	(14,121,542)	(14,094,408)
Purpose and Time Restricted (Note 14)	(2,749,476)	(2,883,285)
Donor Advised (Note 13)	(3,085,793)	(3,301,258)
<b>Amount available for general expenditures within one year</b>	<b>\$ 156,721</b>	<b>\$ 111,899</b>

As part of the Corporation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Corporation manages and invests funds for a variety of donors and charitable organizations. In that capacity, the Corporation has developed a system to maximize earnings by the transfer of excess cash into investments.

**NOTE 3 – Deposit Credit Risk**

The Corporation held \$198,011 and \$236,267 in excess of FDIC insurance coverage as of December 31, 2022 and 2021, respectively. The Corporation has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents. The Corporation subsequently set up sweep accounts, which ensures that funds on deposit will not exceed FDIC coverage limits in the foreseeable future.

**Community Foundation of North Central Florida, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 4 – Contributions Receivable**

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

	<u>2022</u>	<u>2021</u>
2022	\$ -	\$ 340,000
2023	1,010,000	30,000
2024	250,000	-
Total	<u>1,260,000</u>	<u>370,000</u>
Less Unamortized Discount	<u>(17,305)</u>	<u>(4,210)</u>
Contributions Receivable, net	<u>\$ 1,242,695</u>	<u>\$ 365,790</u>

**NOTE 5 – Beneficial Interest in Lead Trust**

During 2022, a donor established a trust naming the Corporation as the lead beneficiary of a charitable lead annuity trust. Under terms of the split-interest agreement, the Corporation is to receive \$75,000 annually for its unrestricted use until the donor's death. At the time of the donor's death, the trust is to terminate, and remaining trust assets are to be distributed to others. The receivable for the split-interest agreement is carried at fair value, which the Corporation has estimated based on the present value of its expected future cash inflows. Based on donor life expectancy and a 2% discount rate, the fair value of the Corporation's interest in the trust was estimated to be \$1,011,332, which was recorded in 2022 as a contribution with donor restrictions and as contribution receivable—charitable lead trust. The Corporation received \$75,000 from the trust in 2022, which was recorded as a reduction in the receivable and a corresponding reclassification from net assets with donor restrictions to net assets without donor restrictions. The Corporation also recorded amortization of the discount on the estimated present value of future distributions of \$26,035 in 2022. On an annual basis, the Corporation will revalue the contribution receivable based on applicable mortality tables and current market conditions.

**NOTE 6 – Property and Equipment, net**

Property and equipment consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Land - Patient's Park	\$ 90,000	\$ 90,000
Office Furniture and Equipment	3,217	3,217
Building	658,053	658,053
Less Accumulated Depreciation	<u>(146,639)</u>	<u>(129,766)</u>
Property and Equipment, net	<u>\$ 604,631</u>	<u>\$ 621,504</u>

**Community Foundation of North Central Florida, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 6 – Property and Equipment, net (continued)**

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 7 – Investments**

The following provides a summary of amounts held:

	Fair Market Value			Total	Cost Basis
	Mutual Funds				Total
	Fixed Income	Equities	Cash		
At December 31, 2022					
UBS	\$ 5,379,549	\$ 9,463,202	\$ 489,938	\$ 15,332,689	\$ 12,904,862
Schwab	-	29,441	5,179	34,620	34,207
<b>Total</b>	<b>\$ 5,379,549</b>	<b>\$ 9,492,643</b>	<b>\$ 495,117</b>	<b>\$ 15,367,309</b>	<b>\$ 12,939,069</b>
At December 31, 2021					
Fidelity	\$ 10,640,418	\$ 6,878,163	\$ 306,849	\$ 17,825,430	\$ 13,217,410
Schwab	-	37,319	5,214	42,533	35,321
<b>Total</b>	<b>\$ 10,640,418</b>	<b>\$ 6,915,482</b>	<b>\$ 312,063</b>	<b>\$ 17,867,963</b>	<b>\$ 13,252,731</b>

Net (loss)/return on investment consists of the following:

	2022	2021
Interest and Dividends	\$ 466,037	\$ 495,036
Management Fees	(34,415)	(42,121)
Net (Loss)/Gain	<u>(2,282,832)</u>	<u>1,493,326</u>
<b>Total (Loss)/Return on Investments</b>	<b>\$ <u>(1,851,210)</u></b>	<b>\$ <u>1,946,241</u></b>

Net return on investments is reported in the financial statements as follows:

	2022	2021
Net Investment (Loss)/Return	\$ (1,297,645)	\$ 1,354,036
Change in Agency Payable	<u>(553,565)</u>	<u>592,205</u>
<b>Total (Loss)/Return on Investments</b>	<b>\$ <u>(1,851,210)</u></b>	<b>\$ <u>1,946,241</u></b>



**Community Foundation of North Central Florida, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 8 – 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 9 for more details. Any differential between projected earnings and actual earnings will have a direct effect on estimated fair value.

**NOTE 9 – Fair Value Measurements**

Assets measured at fair value on a recurring basis include Investments in Securities, Interest in Gatorade Trust, and Beneficial Interest in Lead 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, 2021. 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 fair value of the Beneficial Interest in Lead Trust is based on donor life expectancy and a 2% discount rate. These methods of valuation use Level 3 inputs, as that term is defined in U.S. GAAP.

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

2022	Level 1	Level 2	Level 3	Total
Marketable Securities	\$ 15,367,309	\$ -	\$ -	\$ 15,367,309
Interest in Gatorade Trust	-	-	7,351,495	7,351,495
Beneficial Interest in Lead Trust	-	-	962,367	962,367
Total	<u>\$ 15,367,309</u>	<u>\$ -</u>	<u>\$ 8,313,862</u>	<u>\$ 23,681,171</u>
2021	Level 1	Level 2	Level 3	Total
Marketable Securities	\$ 17,867,963	\$ -	\$ -	\$ 17,867,963
Interest in Gatorade Trust	-	-	6,221,000	6,221,000
Total	<u>\$ 17,867,963</u>	<u>\$ -</u>	<u>\$ 6,221,000</u>	<u>\$ 24,088,963</u>

**Community Foundation of North Central Florida, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 9 – Fair Value Measurements (continued)**

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

**NOTE 10 – 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>
2023	\$ 19,538	\$ 26,753	\$ 46,291
2024	20,538	25,753	46,291
2025	21,589	24,702	46,291
2026	22,693	23,598	46,291
2027	23,854	22,437	46,291
2028	25,075	21,216	46,291
2029 - 2033	145,980	85,475	231,455
2034 - 2038	187,345	44,110	231,455
2039 - 2040	<u>77,343</u>	<u>3,588</u>	<u>80,931</u>
Totals	<u>\$ 543,955</u>	<u>\$ 277,632</u>	<u>\$ 821,587</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>2022</u>	<u>2021</u>
Unpaid Principal	\$ 543,955	\$ 582,385
Unamortized Discount	<u>(105,862)</u>	<u>(122,381)</u>
Net Amount Reported	<u>\$ 438,093</u>	<u>\$ 460,004</u>

**Community Foundation of North Central Florida, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 11 – Grants Payable**

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

	<u>2022</u>	<u>2021</u>
2022	\$ -	\$ 304,168
2023	1,246,502	-
2024	450,000	-
Less Unamortized Discount	<u>(17,109)</u>	<u>(2,451)</u>
Total Grants Payable	<u>\$ 1,679,393</u>	<u>\$ 301,717</u>

**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 number of agencies and account balances are as follows:

<u>Year</u>	<u>Number of Agencies</u>	<u>Total</u>
2022	23	\$ 4,358,361
2021	24	\$ 5,109,616

**NOTE 13 – Net Assets Without Donor Restrictions**

Net assets without donor restrictions consist of the following:

	<u>2022</u>	<u>2021</u>
Donor Advised Funds	\$ 3,085,793	\$ 3,301,258
Invested in Property and Equipment	514,631	531,504
Funds with Negative Fund Balance	(517)	(538)
Other	<u>150,777</u>	<u>116,447</u>
Total	<u>\$ 3,750,684</u>	<u>\$ 3,948,671</u>

**Community Foundation of North Central Florida, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 14 – Net Assets With Donor Restrictions**

Net assets with donor restrictions consist of the following:

	<u>2022</u>	<u>2021</u>
Purpose restrictions available for spending:		
Educational Grants	\$ 658,663	\$ 1,357,869
Health and Human Service Grants	396,151	566,132
Civic and Community Grants	234,862	243,546
Other Grants	<u>487,629</u>	<u>597,496</u>
 Total purpose restricted net assets	 1,777,305	 2,765,043
 Time restrictions:		
Pledges Receivables for Programs	9,804	39,220
Pledges Receivable for Scholarship Endowment	-	79,022
Beneficial Interest in Lead Trust	<u>962,367</u>	<u>-</u>
 Total net assets with time restrictions	 972,171	 118,242
 Endowment Funds:		
Cade Family Fund (see Note 7)	7,351,495	6,221,000
Donor Advised Endowment Funds - Original Gifts total \$4,340,876. Earnings may be granted to nonprofit organizations on the advice of the donor.	4,926,384	5,687,880
Donor Designated Endowment Funds - Original Gifts total \$1,051,851. Earnings are granted to organizations which are chosen by the donor when they established the fund.	1,194,098	1,232,936
Field of Interest Endowments - Original Gifts total \$559,131. Earnings are restricted to provide funding for specific community initiatives.	552,473	829,578
General Endowment Fund - Original Gifts total \$63,283. Earnings are neither donor restricted nor donor advised.	<u>97,092</u>	<u>123,014</u>
 Total Endowment Funds	 14,121,542	 14,094,408
 Land - Patients' Park	 <u>90,000</u>	 <u>90,000</u>
 Total Net Assets with Donor Restrictions	 <u><u>\$ 16,961,018</u></u>	 <u><u>\$ 17,067,693</u></u>

**Community Foundation of North Central Florida, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 15 – Endowment Funds**

The changes in endowment fund balances are as follows:

	<u>2022</u>	<u>2021</u>
Balance - January 1	\$ 14,094,408	\$ 12,643,693
Net Investment Return	332,897	1,731,296
Contributions	384,375	312,221
Grants	<u>(690,138)</u>	<u>(592,802)</u>
	.	
Balance - December 31	<u>\$ 14,121,542</u>	<u>\$ 14,094,408</u>

**NOTE 16 – Reclassifications**

Net assets were released from restrictions as follows:

	<u>2022</u>	<u>2021</u>
Expiration of time restrictions	\$ 108,437	\$ 67,764
Expenditure of purpose restrictions:		
Educational	719,536	52,804
Health and Human Services	259,045	318,754
Civic	68,074	66,139
Other	139,986	363,711
Expenditure from Endowed Funds:		
Donor Advised Funds	384,560	472,273
Donor Designated Funds	61,080	56,170
Field of Interest Funds	232,749	62,608
General Endowment Fund	<u>11,750</u>	<u>1,750</u>
Totals	<u>\$ 1,985,217</u>	<u>\$ 1,461,973</u>

**Community Foundation of North Central Florida, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 17 – Grants to Other Organizations**

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

	<u>2022</u>	<u>2021</u>
Educational	\$ 756,128	\$ 66,717
Health and Human Services	2,277,776	805,668
Civic and Community	72,638	39,532
Animals and Environment	124,379	124,988
Youth	87,862	14,548
Arts and Culture	66,873	60,354
Varied Charitable Interests	<u>1,612,857</u>	<u>1,213,570</u>
Totals	<u>\$ 4,998,513</u>	<u>\$ 2,325,377</u>

**NOTE 18 – Summarized Comparative Information**

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Corporation's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

**NOTE 19 – Subsequent Events**

The Corporation evaluated events and transactions for potential recognition or disclosure through August 29, 2023, which is the date the financial statements were available to be issued.