

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

Financial Statements

**Year Ended
December 31, 2021 and 2020**

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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, 2021, 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, 2021, 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. 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

The financial statements of Community Foundation of North Central Florida, Inc. as of December 31, 2020 were audited by other auditors whose report dated September 24, 2021, expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Moss, Krusick & Associates, LLC

Winter Park, Florida
September 1, 2022

Community Foundation of North Central Florida, Inc.

STATEMENTS OF FINANCIAL POSITION

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Assets:		
Cash - Checking	\$ 453,838	\$ 1,032,400
Investments - Securities	10,454,558	8,262,542
Contributions Receivable	365,790	923,799
Other Receivables	233,588	123,113
Prepaid Expense	7,325	-
Property and Equipment, net	621,504	638,378
Restricted to Long-Term Investment:		
Investments	7,413,405	6,648,642
Mortgage Receivable, net	460,004	481,051
Interest in Gatorade Trust	6,221,000	5,514,000
Kirenga Tech Fund	200,000	-
	<u>\$ 26,431,012</u>	<u>\$ 23,623,925</u>
Liabilities and Net Assets		
Liabilities:		
Accounts Payable	\$ 3,315	\$ 2,585
Grants Payable	301,717	852,264
Agency Funds Payable	5,109,616	4,620,861
Mortgage Note Payable	-	215,976
	<u>5,414,648</u>	<u>5,691,686</u>
Net Assets:		
Without Donor Restrictions	3,948,671	3,206,117
With Donor Restrictions	17,067,693	14,726,122
	<u>21,016,364</u>	<u>17,932,239</u>
	<u>\$ 26,431,012</u>	<u>\$ 23,623,925</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, 2021

(with summarized financial information for the year ended December 31, 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Support and Revenues:</u>				
Contributions:				
Board	\$ -	\$ -	\$ -	\$ 47,043
Government Grant	53,923	-	53,923	40,526
Other	961,309	1,932,495	2,893,804	3,372,900
Royalty Income - Gatorade Trust	899,220	-	899,220	795,675
Interest on Mortgage Receivable	-	51,171	51,171	45,308
Fund Administration Fee	64,842	-	64,842	62,169
Rental Income	5,400	-	5,400	7,510
Center for Nonprofit Excellence	19,520	-	19,520	14,730
Miscellaneous Revenue	15,803	-	15,803	21,222
Support Provided by Expiring Time and Purpose Restrictions	1,461,973	(1,461,973)	-	-
Total Support and Revenues	3,481,990	521,693	4,003,683	4,407,083
<u>Expenses:</u>				
Program Services:				
Grants	2,325,377	-	2,325,377	3,014,557
Expenses	143,966	-	143,966	102,515
Allocated Overhead	225,249	-	225,249	233,918
Total Program Expenses	2,694,592	-	2,694,592	3,350,990
Supporting Activities:				
Management and General	126,109	-	126,109	114,161
Fundraising	159,893	-	159,893	154,342
Total Expenses	2,980,594	-	2,980,594	3,619,493
Excess of Support and Revenue Over Expenses	501,396	521,693	1,023,089	787,590
Net Investment Return	241,158	1,112,878	1,354,036	726,781
Gain on Interest of Gatorade Trust	-	707,000	707,000	726,500
Change in Net Assets	742,554	2,341,571	3,084,125	2,240,871
Net Assets, Beginning of Year	3,206,117	14,726,122	17,932,239	15,691,368
Net Assets, End of Year	\$ 3,948,671	\$ 17,067,693	\$ 21,016,364	\$ 17,932,239

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, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 3,084,125	\$ 2,240,871
Adjustments:		
Net Gain on Investments	(1,938,945)	(986,062)
Gain on Interest in Gatorade Trust	(707,000)	(726,500)
Cash Contributions Restricted to Long-Term Investment	(147,264)	(131,508)
Program Loan Discount Amortization	(18,501)	(15,970)
Depreciation Expense	16,873	16,873
Changes in:		
Receivables:		
Contributions	558,010	(347,428)
Other	(110,475)	(143)
Prepaid Expense	(7,325)	11,195
Accounts Payable	730	356
Grants Payable	(550,547)	55,318
Agency Funds	488,755	(646,007)
	668,436	(529,005)
Net Cash Provided by (Used in) Operating Activities	668,436	(529,005)
Cash Flows from Investing Activities:		
Securities Purchased	(1,355,082)	(445,763)
Securities Sold	137,248	1,377,614
Mortgage Loan Collections	39,548	31,769
	(1,178,286)	963,620
Net Cash Provided by (Used in) Investing Activities	(1,178,286)	963,620
Cash Flows from Financing Activities:		
Payments on Notes Payable	(215,976)	(26,428)
Contributions Restricted to Long-Term Investment	147,264	131,508
	(68,712)	105,080
Net Cash Flows Provided by (Used in) Financing Activities	(68,712)	105,080
Net Change in Cash	(578,562)	539,695
Cash, Beginning of Year	1,032,400	492,705
Cash, End of Year	\$ 453,838	\$ 1,032,400
Supplemental Information:		
Amount of Interest Cost Paid	\$ 7,866	\$ 9,818

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, 2021

(with summarized financial information for the year ended December 31, 2020)

	2021			2020	
	Program Services	Management and General	Fund Raising	Totals	Totals
Salaries and Benefits	\$ 142,870	\$ 63,498	\$ 111,121	\$ 317,489	\$ 325,869
Grants to Other Organizations	2,325,377	-	-	2,325,377	3,014,557
Direct Program Costs	143,966	-	-	143,966	102,515
Advertising	9,451	4,200	7,351	21,002	27,065
Depreciation	7,592	3,375	5,906	16,873	16,873
Interest Expense	3,540	1,573	2,753	7,866	9,818
Insurance	3,867	1,718	3,007	8,592	5,467
Occupancy	7,710	3,427	5,997	17,134	18,085
Office Expense	17,308	7,693	13,462	38,463	31,734
Professional Fees	6,165	34,742	-	40,907	38,283
Event Expenses	13,509	-	-	13,509	3,200
Technology	11,777	5,234	9,160	26,171	22,645
Travel	1,460	649	1,136	3,245	3,382
Totals	\$ 2,694,592	\$ 126,109	\$ 159,893	\$ 2,980,594	\$ 3,619,493

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

Community Foundation of North Central Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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, 2021

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.

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.

Community Foundation of North Central Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 1 – Summary of Significant Accounting Policies (continued)

Net Assets (continued)

(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 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 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."

Community Foundation of North Central Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 1 – Summary of Significant Accounting Policies (continued)

Revenue Recognition – Contributions (continued)

- **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.
- **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.

Community Foundation of North Central Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 1 – Summary of Significant Accounting Policies (continued)

Expense Classifications (continued)

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 FASB issued Accounting Standards Update (ASU) 2016-02, *Leases*, 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 new guidance is effective for fiscal years beginning after December 15, 2021. The Corporation is evaluating the potential effects ASU 2016-02 will have on its financial statements.

Prior Year Information

Certain prior year information may be presented differently in order to conform to the current year presentation.

Community Foundation of North Central Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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:	2021	2020
Cash	\$ 453,838	\$ 1,032,400
Contributions Receivable	365,790	923,799
Other Receivables	233,588	123,113
Investments	17,867,963	14,911,184
Mortgage Receivable	460,004	481,051
Interest in Gatorade Trust	6,221,000	5,514,000
Kirenga Tech Fund	200,000	-
	<hr/>	<hr/>
Total Financial Assets	25,802,183	22,985,547
Less assets restricted or designated for:		
Grant Payables (Note 11)	(301,717)	(852,264)
Agency Funds (Note 12)	(5,109,616)	(4,620,861)
Endowments (Note 14)	(14,094,408)	(12,643,693)
Purpose Restricted (Note 14)	(2,883,285)	(1,992,429)
Donor Advised (Note 13)	(3,301,258)	(2,783,564)
	<hr/>	<hr/>
Amount available for general expenditures within one year	<u>\$ 111,899</u>	<u>\$ 92,736</u>

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 \$236,267 and \$741,386 in excess of FDIC insurance coverage as of December 31, 2021 and 2020, respectively.

Community Foundation of North Central Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 4 – Contributions Receivable

Contributions receivable represents three pledges from three 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>2021</u>	<u>2020</u>
2021	\$ -	\$ 590,000
2022	340,000	340,000
2023	<u>30,000</u>	<u>10,000</u>
Total	370,000	940,000
Less Unamortized Discount	<u>(4,210)</u>	<u>(16,201)</u>
Contributions Receivable, net	<u>\$ 365,790</u>	<u>\$ 923,799</u>

NOTE 5 – Property and Equipment, net

Property and equipment consist of the following at December 31:

	<u>2021</u>	<u>2020</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>(129,766)</u>	<u>(112,892)</u>
Property and Equipment, net	<u>\$ 621,504</u>	<u>\$ 638,378</u>

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.

Community Foundation of North Central Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 6 – Investments

The following provides a summary of amounts held:

	Mutual Funds		Cash	Total
	Fixed Income	Equities		
At December 31, 2021				
Fidelity	\$ 10,640,418	\$ 6,878,163	\$ 306,849	\$ 17,825,430
Schwab	-	37,319	5,214	42,533
Total	\$ 10,640,418	\$ 6,915,482	\$ 312,063	\$ 17,867,963
At December 31, 2020				
SunTrust	\$ -	\$ -	\$ 389	\$ 389
InterCarolina Financial	-	-	192,399	192,399
Merrill Lynch	49,838	160,266	1,494	211,598
Fidelity	8,398,528	5,875,090	233,180	14,506,798
Total	\$ 8,448,366	\$ 6,035,356	\$ 427,462	\$ 14,911,184

Net return on investment consists of the following:

	2021	2020
Interest and Dividends	\$ 495,036	\$ 234,108
Management Fees	(42,121)	(37,184)
Net Gain	1,493,326	796,700
Total Return on Investments	\$ 1,946,241	\$ 993,624

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

	2021	2020
Net Investment Return	\$ 1,354,036	\$ 726,781
Change in Agency Payable	592,205	266,843
Total Return on Investments	\$ 1,946,241	\$ 993,624

Community Foundation of North Central Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 7 – Interest in Gatorade Trust

The Corporation holds one unit of interest in the Gatorade Trust (the Trust). This unit entitles the Corporation to a proportionate share of the income from the Trust. Income from the Trust is recognized as royalty revenue when received. The donor of the Trust has advised that 10% of royalties are unrestricted and 90% are to be added to a donor advised fund. The Corporation may sell its unit only with the approval of two-thirds of the remaining interests in the Trust.

The fair value of the Corporation's interest is estimated each year and any changes are reported as a change in the interest - see Note 8 for more details. Any differential between projected earnings and actual earnings will have a direct effect on estimated fair value.

NOTE 8 – Fair Value Measurements

Assets measured at fair value on a recurring basis include Investments in Securities and Interest in Gatorade Trust. The fair value of the Corporation's Investments in Securities is determined by reference to quoted prices in active markets for identical assets and other relevant information generated by market transactions, according to generally accepted accounting principles, this method of valuation uses Level 1 inputs.

The fair value of the Interest in Gatorade Trust is determined by obtaining a certified valuation at least every three years. Valuations are based, in part, on an estimate of future royalty receipts. Absent evidence to the contrary, the Corporation considers the receipts of the most recent year to be the best estimate of future royalty receipts. Any differential between projected and actual royalty receipts will have a direct effect on estimated fair value. The latest valuation available is dated as of December 31, 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. This method of valuation uses 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:

2021	Level 1	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>\$ 6,221,000</u>	<u>\$ 24,088,963</u>
2020	Level 1	Level 3	Total
Marketable Securities	\$ 14,911,184	\$ -	\$ 14,911,184
Interest in Gatorade Trust	-	5,514,000	5,514,000
Total	<u>\$ 14,911,184</u>	<u>\$ 5,514,000</u>	<u>\$ 20,425,184</u>

Community Foundation of North Central Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 8 – 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 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>
2022	\$ 17,572	\$ 28,719	\$ 46,291
2023	18,471	27,820	46,291
2024	19,416	26,875	46,291
2025	20,410	25,881	46,291
2026	21,454	24,837	46,291
2027	22,551	23,740	46,291
2028 - 2032	131,290	100,165	231,455
2033 - 2037	168,492	62,962	231,454
2038 - 2041	<u>162,729</u>	<u>16,603</u>	<u>179,332</u>
 Totals	 <u>\$ 582,385</u>	 <u>\$ 337,602</u>	 <u>\$ 919,987</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>2021</u>	<u>2020</u>
Unpaid Principal	\$ 582,385	\$ 621,932
Unamortized Discount	<u>(122,381)</u>	<u>(140,881)</u>
 Net Amount Reported	 <u>\$ 460,004</u>	 <u>\$ 481,051</u>

Community Foundation of North Central Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 10 – Grants Payable

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

	<u>2021</u>	<u>2020</u>
2021	\$ -	\$ 614,471
2022	304,168	250,000
Less Unamortized Discount	<u>(2,451)</u>	<u>(12,207)</u>
 Total Grants Payable	 <u>\$ 301,717</u>	 <u>\$ 852,264</u>

NOTE 11 – 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>
2021	24	\$ 5,109,616
2020	22	\$ 4,620,861

NOTE 12 – Net Assets Without Donor Restrictions

Net assets without donor restrictions consist of the following:

	<u>2021</u>	<u>2020</u>
Donor Advised Funds	\$ 3,301,258	\$ 2,783,564
Invested in Property and Equipment	531,504	332,402
Funds with Negative Fund Balance	(538)	(530)
Other	<u>116,447</u>	<u>90,681</u>
 Total	 <u>\$ 3,948,671</u>	 <u>\$ 3,206,117</u>

Community Foundation of North Central Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 13 – Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following:

	<u>2021</u>	<u>2020</u>
Purpose restrictions available for spending:		
Educational Grants	\$ 1,357,869	\$ 472,744
Health and Human Service Grants	566,132	728,142
Civic and Community Grants	243,546	262,544
Other Grants	<u>597,496</u>	<u>342,994</u>
Total purpose restricted net assets	2,765,043	1,806,424
Time restrictions:		
Pledges Receivables for Programs	39,220	137,268
Pledges Receivable for Scholarship Endowment	<u>79,022</u>	<u>48,737</u>
Total net assets with time restrictions	118,242	186,005
Endowment Funds:		
Cade Family Fund (see Note 7)	6,221,000	5,514,000
Donor Advised Endowment Funds - Original Gifts total \$4,581,991. Earnings may be granted to nonprofit organizations on the advice of the donor.	5,687,880	5,391,887
Donor Designated Endowment Funds - Original Gifts total \$930,100. Earnings are granted to organizations which are chosen by the donor when they established the fund.	1,232,936	1,076,202
Field of Interest Endowments - Original Gifts total \$559,131. Earnings are restricted to provide funding for specific community initiatives.	829,578	573,425
General Endowment Fund - Original Gifts total \$63,283. Earnings are neither donor restricted nor donor advised.	<u>123,014</u>	<u>88,179</u>
Total Endowment Funds	14,094,408	12,643,693
Land - Patients' Park	<u>90,000</u>	<u>90,000</u>
Total Net Assets with Donor Restrictions	<u><u>\$ 17,067,693</u></u>	<u><u>\$ 14,726,122</u></u>

Community Foundation of North Central Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

Note 14 – Endowment Funds

The changes in endowment fund balances are as follows:

	<u>2021</u>	<u>2020</u>
Balance - January 1	\$ 12,643,693	\$ 11,212,364
Net Investment Return	1,731,296	1,306,909
Contributions	312,221	209,451
Royalties	-	250,000
Grants	<u>(592,802)</u>	<u>(335,031)</u>
 Balance - December 31	 <u>\$ 14,094,408</u>	 <u>\$ 12,643,693</u>

Note 15 – Reclassifications

Net assets were released from restrictions as follows:

	<u>2021</u>	<u>2020</u>
Expiration of time restrictions	\$ 67,764	\$ 85,710
 Expenditure of purpose restrictions:		
Educational	52,804	40,716
Health and Human Services	318,754	1,303,946
Civic	66,139	20,661
Other	363,711	28,210
 Expenditure from Endowed Funds:		
Donor Advised Funds	472,273	213,768
Donor Designated Funds	56,170	26,042
Field of Interest Funds	62,608	92,846
General Endowment Fund	<u>1,750</u>	<u>2,376</u>
 Totals	 <u>\$ 1,461,973</u>	 <u>\$ 1,814,275</u>

Community Foundation of North Central Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

Note 16 – Grants to Other Organizations

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

	<u>2021</u>	<u>2020</u>
Educational	\$ 66,717	\$ 1,269,760
Health and Human Services	805,668	972,352
Civic and Community	39,532	431,730
Animals and Environment	124,988	165,354
Youth	14,548	96,932
Arts and Culture	60,354	78,429
Varied Charitable Interests	<u>1,213,570</u>	<u>-</u>
Totals	<u>\$ 2,325,377</u>	<u>\$ 3,014,557</u>

NOTE 17 – 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, 2020, from which the summarized information was derived.

NOTE 18 – Subsequent Events

The Corporation evaluated events and transactions for potential recognition or disclosure through September 1, 2022, which is the date the financial statements were available to be issued.

NOTE 19 – Risks and Uncertainties

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Corporation's financial condition, liquidity, and future results of operation. Management is actively monitoring the global pandemic situation.