

# Community Foundation of North Central Florida, Inc.

Financial Statements  
And  
Independent Auditors' Report  
December 31, 2019

## CONTENTS

|                                  |        |
|----------------------------------|--------|
| Independent Auditors' Report     | 1      |
| Financial Statements:            |        |
| Statement of Financial Position  | 2      |
| Statement of Activities          | 3      |
| Statement of Cash Flows          | 4      |
| Statement of Functional Expenses | 5      |
| Notes to Financial Statements    | 6 – 16 |

# 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

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We have audited the accompanying financial statements of the Community Foundation of North Central Florida, Inc. (the Corporation), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, cash flows, and functional expenses for the year 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 audit. We conducted our audit 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, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter – Prior Period Adjustment.** As discussed in Note 19, the financial statements for the year ended December 31, 2018, have been restated to reduce purpose restricted net assets and to increase agency fund payables.

**Report on Summarized Comparative Information.** We have previously audited the Corporation's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report September 19, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Kattell and Company, P.L.*

September 17, 2020  
Gainesville, Florida

*“Not everything that counts can be counted, and not everything that can be counted counts.”*

- Albert Einstein

**Statement of Financial Position**  
**December 31, 2019**  
(with summarized information for 2018)  
**Community Foundation of North Central Florida, Inc.**

|   | <b>2019</b>          | <b>2018</b><br><b>(Restated)</b> |
|---|----------------------|----------------------------------|
| <b>Assets</b>                           |                      |                                  |
| Cash – Checking                         | \$ 492,705           | \$ 933,520                       |
| Investments – Securities                | 8,980,047            | 6,939,545                        |
| Contributions Receivable                | 576,371              | 609,804                          |
| Other Receivables                       | 122,970              | 122,613                          |
| Prepaid Expense                         | 11,195               | 6,187                            |
| Property and Equipment, Net             | 565,251              | 582,124                          |
| Restricted to Long-Term Investment:     |                      |                                  |
| Investments                             | 5,876,926            | 4,728,135                        |
| Mortgage Receivable, Net                | 496,850              | 512,148                          |
| Interest in Gatorade Trust              | 4,787,500            | 5,191,000                        |
| Land - Patient's Park                   | 90,000               | 90,000                           |
| <b>Total Assets</b>                     | <b>\$ 21,999,815</b> | <b>\$ 19,715,076</b>             |
| <b>Liabilities and Net Assets</b>       |                      |                                  |
| Liabilities:                            |                      |                                  |
| Accounts Payable                        | \$ 2,229             | \$ 14,242                        |
| Grants Payable                          | 796,946              | 1,409,398                        |
| Agency Funds Payable                    | 5,266,868            | 4,083,392                        |
| Mortgage Note Payable                   | 242,404              | 267,763                          |
| <b>Total Liabilities</b>                | <b>6,308,447</b>     | <b>5,774,795</b>                 |
| Net Assets:                             |                      |                                  |
| Without Donor Restrictions              | 2,590,800            | 2,288,623                        |
| With Donor Restrictions                 | 13,100,568           | 11,651,658                       |
| <b>Total Net Assets</b>                 | <b>15,691,368</b>    | <b>13,940,281</b>                |
| <b>Total Liabilities and Net Assets</b> | <b>\$ 21,999,815</b> | <b>\$ 19,715,076</b>             |

*See accompanying notes.*

**Statement of Activities**  
**For the Year Ended December 31, 2019**  
(with summarized information for 2018)  
**Community Foundation of North Central Florida, Inc.**

|  | 2019                          |                            |                      | 2018<br>(Restated)   |
|--|-------------------------------|----------------------------|----------------------|----------------------|
|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total                | Total                |
| <u>Support and Revenues:</u>                                     |                               |                            |                      |                      |
| Contributions:   |                               |                            |                      |                      |
| Board  | \$ 23,810                     | \$ --                      | \$ 23,810            | \$ 91,250            |
| Other  | 476,611                       | 2,388,791                  | 2,865,402            | 1,942,825            |
| Royalty Income – Gatorade Trust                                  | 543,778                       | 147,059                    | 690,837              | 748,728              |
| Interest on Mortgage Receivable                                  | --                            | 51,365                     | 51,365               | 51,833               |
| Fund Administration Fee  | 60,342                        | --                         | 60,342               | 42,866               |
| Rental Income  | 10,560                        | --                         | 10,560               | 10,080               |
| Center for Nonprofit Excellence                                  | 24,900                        | --                         | 24,900               | 13,430               |
| Miscellaneous Revenue  | 36,152                        | --                         | 36,152               | 14,404               |
| Support Provided by Expiring Time and<br>Purpose Restrictions    | 1,755,046                     | (1,755,046)                | --                   | --                   |
| <b>Total Support and Revenues</b>                                | <b>2,931,199</b>              | <b>832,169</b>             | <b>3,763,368</b>     | <b>2,915,416</b>     |
| <u>Expenses:</u>   |                               |                            |                      |                      |
| Program Services:  |                               |                            |                      |                      |
| Grants   | 2,327,792                     | --                         | 2,327,792            | 2,779,257            |
| Expenses   | 149,508                       | --                         | 149,508              | 137,086              |
| Allocated Overhead   | 146,518                       | --                         | 146,518              | 146,634              |
| Total Program Expenses   | 2,623,818                     | --                         | 2,623,818            | 3,062,977            |
| Supporting Activities:   |                               |                            |                      |                      |
| Management and General   | 124,849                       | --                         | 124,849              | 111,889              |
| Fundraising  | 137,248                       | --                         | 137,248              | 127,792              |
| <b>Total Expenses</b>  | <b>2,885,915</b>              | <b>--</b>                  | <b>2,885,915</b>     | <b>3,302,658</b>     |
| <b>Excess (Deficit) of Support and Revenue<br/>over Expenses</b> | <b>45,284</b>                 | <b>832,169</b>             | <b>877,453</b>       | <b>(387,242)</b>     |
| Net Investment Return  | 256,893                       | 1,020,241                  | 1,277,134            | (648,188)            |
| Gain/(Loss) on Interest in Gatorade Trust                        | --                            | (403,500)                  | (403,500)            | (247,000)            |
| <b>Change in Net Assets</b>                                      | <b>302,177</b>                | <b>1,448,910</b>           | <b>1,751,087</b>     | <b>(1,282,430)</b>   |
| <b>Net Assets, Beginning of Year</b>                             | <b>2,288,623</b>              | <b>11,651,658</b>          | <b>13,940,281</b>    | <b>15,222,711</b>    |
| <b>Net Assets, End of Year</b>                                   | <b>\$ 2,590,800</b>           | <b>\$ 13,100,568</b>       | <b>\$ 15,691,368</b> | <b>\$ 13,940,281</b> |

*See accompanying notes.*

**Statement of Cash Flows**  
**For the Year Ended December 31, 2019**  
**(with summarized information for 2018)**  
**Community Foundation of North Central Florida, Inc.**

|  | <u>2019</u>              | <u>2018</u><br><u>(Restated)</u> |
|--|--------------------------|----------------------------------|
| <b>Cash Flows from Operating Activities:</b>               |                          |                                  |
| Change in Net Assets                                       | \$ 1,751,087             | \$ (1,282,430)                   |
| Adjustments:   |                          |                                  |
| Net (Gain)/Loss on Investments                             | (1,993,370)              | 985,162                          |
| (Gain)/Loss on Interest in Gatorade Trust                  | 403,500                  | 247,000                          |
| Cash Contributions Restricted to Long-Term Investment      | (391,021)                | (143,400)                        |
| Program Loan Discount Amortization                         | (17,779)                 | (16,781)                         |
| Depreciation Expense                                       | 16,873                   | 16,873                           |
| Changes In:  |                          |                                  |
| Receivables:   |                          |                                  |
| Contributions  | 33,433                   | 282,747                          |
| Other  | (357)                    | (94,663)                         |
| Prepaid Expense  | (5,008)                  | 7,271                            |
| Accounts Payable   | (12,013)                 | (1,977)                          |
| Grants Payable   | (612,452)                | (219,688)                        |
| Agency Funds   | <u>1,183,476</u>         | <u>154,757</u>                   |
| <b>Net Cash Provided by (Used In) Operating Activities</b> | <b>356,369</b>           | <b>(65,129)</b>                  |
| <b>Cash Flows from Investing Activities:</b>               |                          |                                  |
| Securities Purchased                                       | (1,587,862)              | (703,892)                        |
| Securities Sold  | 391,939                  | 228,141                          |
| Mortgage Loan Collections                                  | <u>33,077</u>            | <u>21,428</u>                    |
| <b>Net Cash Provided by (Used In) Investing Activities</b> | <b>(1,162,846)</b>       | <b>(454,323)</b>                 |
| <b>Cash Flows from Financing Activities:</b>               |                          |                                  |
| Payments on Notes Payable                                  | (25,359)                 | (24,304)                         |
| Contributions Restricted to Long-Term Investment           | <u>391,021</u>           | <u>143,400</u>                   |
| <b>Net Cash Flows from Financing Activities</b>            | <b>365,662</b>           | <b>119,096</b>                   |
| <b>Net Change in Cash and Equivalents</b>                  | <b>(440,815)</b>         | <b>(400,356)</b>                 |
| <b>Cash, Beginning of Year</b>                             | <b><u>933,520</u></b>    | <b><u>1,333,876</u></b>          |
| <b>Cash, End of Year</b>                                   | <b><u>\$ 492,705</u></b> | <b><u>\$ 933,520</u></b>         |
| <br>   |                          |                                  |
| Amount of Interest Cost Paid                               | <u>\$ 10,889</u>         | <u>\$ 11,943</u>                 |

*See accompanying notes.*

**Statement of Functional Expenses**  
**For the Year Ended December 31, 2019**  
(with summarized information for 2018)  
**Community Foundation of North Central Florida, Inc.**

|                               | <b>2019</b>                |                              |                          |                            | <b>2018</b>                |
|-------------------------------|----------------------------|------------------------------|--------------------------|----------------------------|----------------------------|
|                               | Program<br>Services        | Management<br>and<br>General | Fund<br>Raising          | Totals                     | Totals                     |
| Salaries and Benefits         | \$ 84,426                  | \$ 57,673                    | \$ 86,366                | \$ 228,465                 | \$ 202,860                 |
| Grants to Other Organizations | 2,327,792                  | --                           | --                       | 2,327,792                  | 2,779,257                  |
| Direct Program Expenses       | 149,508                    | --                           | --                       | 149,508                    | 137,086                    |
| Advertising                   | 8,674                      | 5,995                        | 8,864                    | 23,533                     | 20,017                     |
| Depreciation                  | 6,219                      | 4,298                        | 6,356                    | 16,873                     | 16,873                     |
| Interest Expense              | 4,013                      | 2,774                        | 4,102                    | 10,889                     | 11,943                     |
| Insurance                     | 2,390                      | 1,652                        | 2,442                    | 6,484                      | 2,235                      |
| Occupancy                     | 6,429                      | 4,444                        | 6,571                    | 17,444                     | 16,064                     |
| Office Expense                | 11,569                     | 7,997                        | 11,823                   | 31,389                     | 37,371                     |
| Professional Fees             | 4,336                      | 32,764                       | --                       | 37,100                     | 32,993                     |
| Event Facilities and Food     | 7,969                      | --                           | --                       | 7,969                      | 11,942                     |
| Technology                    | 8,013                      | 5,538                        | 8,189                    | 21,740                     | 27,939                     |
| Travel                        | 2,480                      | 1,714                        | 2,535                    | 6,729                      | 6,078                      |
| <b>TOTALS</b>                 | <b><u>\$ 2,623,818</u></b> | <b><u>\$ 124,849</u></b>     | <b><u>\$ 137,248</u></b> | <b><u>\$ 2,885,915</u></b> | <b><u>\$ 3,302,658</u></b> |

*See accompanying notes.*

**Notes to Financial Statements**  
**December 31, 2019**  
**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.

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 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.

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.

**Notes to Financial Statements**  
**December 31, 2019**  
**Community Foundation of North Central Florida, Inc.**

**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 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, six field of interest funds and in the general endowment. The Corporation currently has no policy regarding the appropriation of endowment assets for expenditure. Rather, the Corporation looks to the fund agreements and receives advice from 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.
- **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.



**Notes to Financial Statements**  
**December 31, 2019**  
**Community Foundation of North Central Florida, Inc.**

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

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.

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.

Prior Year Information

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

**Notes to Financial Statements**  
**December 31, 2019**  
**Community Foundation of North Central Florida, Inc.**

**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:

| <b>Financial Assets:</b>  | <b><u>2019</u></b>       | <b><u>2018</u></b>         |
|---|--------------------------|----------------------------|
| Cash  | \$ 492,705               | \$ 933,520                 |
| Contributions Receivable  | 576,371                  | 609,804                    |
| Other Receivables   | 122,970                  | 122,613                    |
| Investments   | 14,856,973               | 11,667,680                 |
| Mortgage Receivable   | 496,850                  | 512,148                    |
| Interest in Gatorade Trust  | 4,787,500                | 5,191,000                  |
| <b>Total Financial Assets</b>   | <b><u>21,333,369</u></b> | <b><u>19,036,765</u></b>   |
| <b>Less assets restricted or designated to pay grants and program expenses:</b> |                          |                            |
| Contributions receivable  | (549,175)                | (1,018,602)                |
| Donor advised funds (Note 14)   | (2,189,505)              | (2,076,344)                |
| <b>Less financial assets held to meet donor-imposed restrictions:</b>           |                          |                            |
| Purpose and time restricted net assets (Note 15)                                | (1,829,374)              | (1,088,954)                |
| Interest in Gatorade Trust  | (4,787,500)              | (5,191,000)                |
| Donor restricted endowment funds (Note 15)                                      | (6,533,322)              | (5,414,584)                |
| General Endowment Fund (Note 15)  | (110,372)                | (264,179)                  |
| Agency Funds (Note 13)  | (5,266,868)              | (4,083,392)                |
| <b>Amount available for general expenditures within one year</b>                | <b><u>\$ 67,253</u></b>  | <b><u>\$ (100,290)</u></b> |

The Corporation also does not generally experience cash shortages and therefore has no mechanism for financing them. However, the Corporation has experienced deficits from general expenditures, as noted above, and has borrowed from restricted funds to pay for general expenditures. The amounts borrowed are temporary in nature and do not deprive any funds from their respective earnings.

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 investment.

**NOTE 3 – Deposit Credit Risk**

The Corporation held \$246,399 and \$505,672 in excess of FDIC insurance coverage as of December 31, 2019 and 2018, respectively.

**NOTE 4 – Contributions Receivable**

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

|                                      | <b><u>2019</u></b>       | <b><u>2018</u></b>       |
|--------------------------------------|--------------------------|--------------------------|
| 2019                                 | \$ --                    | \$ 297,500               |
| 2020                                 | 399,656                  | 287,500                  |
| 2021                                 | 90,000                   | 37,850                   |
| 2022                                 | 90,000                   | --                       |
| 2023                                 | 10,000                   | --                       |
| Total                                | <u>589,656</u>           | <u>622,850</u>           |
| Less-Unamortized Discount            | <u>(13,285)</u>          | <u>(13,046)</u>          |
| <b>Contributions Receivable, Net</b> | <b><u>\$ 576,371</u></b> | <b><u>\$ 609,804</u></b> |

**Notes to Financial Statements**  
**December 31, 2019**  
**Community Foundation of North Central Florida, Inc.**

**NOTE 5 – Property and Equipment, Net**

|                                    | <u>2019</u>              | <u>2018</u>              |
|------------------------------------|--------------------------|--------------------------|
| Office Furniture and Equipment     | \$ 3,217                 | \$ 3,217                 |
| Building                           | 658,053                  | 658,053                  |
| Less Accumulated Depreciation      | <u>(96,019)</u>          | <u>(79,146)</u>          |
| <b>Property and Equipment, Net</b> | <b><u>\$ 565,251</u></b> | <b><u>\$ 582,124</u></b> |

**NOTE 6 – Investments**

The following provides a summary of amounts held:

|                             | <u>Mutual Funds</u>        |                            |                          |                             |
|-----------------------------|----------------------------|----------------------------|--------------------------|-----------------------------|
|                             | <u>Fixed Income</u>        | <u>Equities</u>            | <u>Cash</u>              | <u>Total</u>                |
| <b>At December 31, 2019</b> |                            |                            |                          |                             |
| SunTrust                    | \$ --                      | \$ 62,342                  | \$ --                    | \$ 62,342                   |
| Southeast Trust             | 87,487                     | 62,798                     | 7,285                    | 157,570                     |
| Merrill Lynch               | 73,256                     | 117,299                    | 1,711                    | 192,266                     |
| Fidelity                    | 5,155,801                  | 9,045,717                  | 243,277                  | 14,444,795                  |
| <b>Total</b>                | <b><u>\$ 5,316,544</u></b> | <b><u>\$ 9,288,156</u></b> | <b><u>\$ 252,273</u></b> | <b><u>\$ 14,856,973</u></b> |
| <b>At December 31, 2018</b> |                            |                            |                          |                             |
| SunTrust                    | \$ --                      | \$ 64,012                  | \$ --                    | \$ 64,012                   |
| Southeast Trust             | 65,797                     | 39,383                     | 33,721                   | 138,901                     |
| Merrill Lynch               | 70,524                     | 108,525                    | 1,706                    | 180,755                     |
| Fidelity                    | 3,038,949                  | 7,998,625                  | 246,438                  | 11,284,012                  |
| <b>Total</b>                | <b><u>\$ 3,175,270</u></b> | <b><u>\$ 8,210,545</u></b> | <b><u>\$ 281,865</u></b> | <b><u>\$ 11,667,680</u></b> |

Net return on investment consists of the following:

|                                    | <u>2019</u>                | <u>2018</u>                |
|------------------------------------|----------------------------|----------------------------|
| Interest and Dividends             | \$ 397,525                 | \$ 375,611                 |
| Management Fees                    | (35,026)                   | (33,818)                   |
| Net Gain/(Loss)                    | <u>1,630,426</u>           | <u>(1,321,067)</u>         |
| <b>Total Return on Investments</b> | <b><u>\$ 1,992,925</u></b> | <b><u>\$ (979,274)</u></b> |

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

|  | <u>2019</u>                | <u>2018</u>                |
|--|----------------------------|----------------------------|
| Reported on the Statement of Activities: |                            |                            |
| Net Investment Return                    | \$ 1,277,134               | \$ (660,842)               |
| Change in Agency Payable                 | <u>715,791</u>             | <u>(318,432)</u>           |
| <b>Total Return on Investments</b>       | <b><u>\$ 1,992,925</u></b> | <b><u>\$ (979,274)</u></b> |

**Notes to Financial Statements**  
**December 31, 2019**  
**Community Foundation of North Central Florida, Inc.**

**NOTE 7 – Interest in Gatorade Trust**

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

The fair value of the Corporation’s interest is estimated each year and any changes are reported as a change in the interest – see Note 9 for more details. Any differential between projected earnings and actual earnings will have a direct effect on estimated fair value.

**NOTE 8 – 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 9 – 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, 2018. 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:

|                            |                            |                            |                            |
|----------------------------|----------------------------|----------------------------|----------------------------|
| <b>2019</b>                | <u>Level 1</u>             | <u>Level 3</u>             | <u>Total</u>               |
| Marketable Securities      | \$14,856,973               | \$ --                      | \$14,856,973               |
| Interest in Gatorade Trust | --                         | 4,787,500                  | 4,787,500                  |
| <b>Total</b>               | <b><u>\$14,856,973</u></b> | <b><u>\$ 4,787,500</u></b> | <b><u>\$19,644,473</u></b> |
| <br>                       |                            |                            |                            |
| <b>2018</b>                | <u>Level 1</u>             | <u>Level 3</u>             | <u>Total</u>               |
| Marketable Securities      | \$11,667,680               | \$ --                      | \$11,667,680               |
| Interest in Gatorade Trust | --                         | 5,191,000                  | 5,191,000                  |
| <b>Total</b>               | <b><u>\$11,667,680</u></b> | <b><u>\$ 5,191,000</u></b> | <b><u>\$16,838,680</u></b> |

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, 2019**  
**Community Foundation of North Central Florida, Inc.**

**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>       |
|---------------|-------------------|-------------------|---------------------|
| 2020          | \$ 13,923         | \$ 32,368         | \$ 46,291           |
| 2021          | 14,636            | 31,655            | 46,291              |
| 2022          | 15,385            | 30,906            | 46,291              |
| 2023          | 16,172            | 30,119            | 46,291              |
| 2024          | 16,999            | 29,292            | 46,291              |
| 2025          | 17,869            | 28,422            | 46,291              |
| 2026          | 18,783            | 27,508            | 46,291              |
| 2027-2031     | 109,351           | 122,104           | 231,455             |
| 2032-2036     | 140,337           | 91,118            | 231,455             |
| 2037-2041     | 180,102           | 51,353            | 231,455             |
| 2042-2044     | 110,145           | 7,366             | 117,511             |
| <b>Totals</b> | <b>\$ 653,702</b> | <b>\$ 482,211</b> | <b>\$ 1,135,913</b> |

The Corporation recorded a discount on the date the loan was made. The discount reflects the contribution inherent in the below market rate of the loan. It is computed as the difference between the present value of the loan at the stated interest rate of 5% and the present value of the loan at a fair market rate, estimated to be 8% at the date of the loan. Using the effective interest rate method, the Corporation will amortize the discount into interest income over the life of the loan. The loan is reported on the Statement of Financial Position as:

|                            | <u>2019</u>       | <u>2018</u>       |
|----------------------------|-------------------|-------------------|
| Unpaid principal           | \$ 653,702        | \$ 686,779        |
| Unamortized discount       | (156,852)         | (174,631)         |
| <b>Net amount reported</b> | <b>\$ 496,850</b> | <b>\$ 512,148</b> |

**NOTE 11 – Mortgage Note Payable**

The Corporation borrowed funds for the purchase, design and renovation of a condo for office space. The loans are secured by real property and bear interest at 4.25%. Terms on the loans call for monthly payments of \$1,799 and \$1,221. The following is a summary of payments due:

|               | <u>Principal</u>  | <u>Interest</u>  | <u>Totals</u>     |
|---------------|-------------------|------------------|-------------------|
| 2020          | \$ 26,429         | \$ 9,818         | \$ 36,247         |
| 2021          | 27,603            | 8,644            | 36,247            |
| 2022          | 28,799            | 7,448            | 36,247            |
| 2023          | 30,047            | 6,200            | 36,247            |
| 2024          | 31,334            | 4,913            | 36,247            |
| 2025          | 32,707            | 3,540            | 36,247            |
| 2026          | 34,125            | 2,122            | 36,247            |
| 2027          | 31,361            | 640              | 32,000            |
| <b>Totals</b> | <b>\$ 242,404</b> | <b>\$ 43,325</b> | <b>\$ 285,729</b> |

**Notes to Financial Statements**  
**December 31, 2019**  
**Community Foundation of North Central Florida, Inc.**

**NOTE 12 – Grants Payable**

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

|                            | <u>2019</u>              | <u>2018</u>                |
|----------------------------|--------------------------|----------------------------|
| 2019                       | \$ --                    | \$ 998,069                 |
| 2020                       | 754,758                  | 428,125                    |
| 2021                       | 42,188                   |                            |
| Total                      | <u>796,946</u>           | <u>1,426,194</u>           |
| Less-Unamortized Discount  | <u>--</u>                | <u>(16,796)</u>            |
| <b>Grants Payable, Net</b> | <b><u>\$ 796,946</u></b> | <b><u>\$ 1,409,398</u></b> |

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

**NOTE 13 – 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> |
|-------------|---------------------------|--------------|
| 2019        | 23                        | \$ 5,266,868 |
| 2018        | 20                        | \$ 4,083,392 |

**NOTE 14 – Net Assets Without Donor Restrictions**

Net assets without donor restrictions consist of the following:

|                                    | <u>2019</u>                | <u>2018</u>                |
|------------------------------------|----------------------------|----------------------------|
| Donor Advised Funds                | \$ 2,189,505               | \$ 2,076,344               |
| Invested in Property and Equipment | 322,847                    | 314,361                    |
| Funds with Negative Fund Balance   | (10,065)                   | (2,704)                    |
| Other                              | 88,513                     | (99,378)                   |
| <b>Total</b>                       | <b><u>\$ 2,590,800</u></b> | <b><u>\$ 2,288,623</u></b> |

**Notes to Financial Statements**  
**December 31, 2019**  
**Community Foundation of North Central Florida, Inc.**

**NOTE 15 – Net Assets With Donor Restrictions**

Net assets with donor restrictions consist of the following:

|   | <u>2019</u>                     | <u>2018</u>                     |
|---|---------------------------------|---------------------------------|
| Purpose restrictions available for spending:  |                                 |                                 |
| Educational Grants  | \$ 469,456                      | \$ 429,411                      |
| Health and Human Service Grants   | 637,421                         | 262,206                         |
| Civic & Community Grants  | 98,031                          | 98,250                          |
| Other Grants  | <u>321,580</u>                  | <u>309,087</u>                  |
| Total purpose restricted net assets   | 1,526,488                       | 1,098,954                       |
| Time restrictions:  |                                 |                                 |
| Pledges Receivable are unavailable for spending until due   | 208,842                         | --                              |
| Pledges Receivable for Scholarship Endowment  | 62,874                          | --                              |
| Endowment Funds:  |                                 |                                 |
| Cade Family Fund (see Note 7)   | 4,537,500                       | 4,793,941                       |
| Donor Advised Endowment Funds (Original Gifts total \$4,411,828) Earnings may be granted to nonprofit organizations on the advice of the donor.                       | 5,147,421                       | 4,544,303                       |
| Donor Designated Endowment Funds (Original Gifts total \$867,026) Earnings are granted to organizations which are chosen by the donor when they established the fund. | 950,972                         | 597,834                         |
| Field of Interest Endowments (Original Gifts total \$515,022) Earnings are restricted to provide funding for specific community initiatives.                          | 466,099                         | 262,447                         |
| General Endowment Fund (Original Gifts total \$263,283 less \$200,000 in 2019) Earnings are neither donor restricted nor donor advised.                               | <u>110,372</u>                  | <u>264,179</u>                  |
| Total Endowment Funds   | 11,212,364                      | 10,472,704                      |
| Land - Patients' Park (see Note 8)  | <u>90,000</u>                   | <u>90,000</u>                   |
| <br>Total Net Assets with Donor Restrictions  | <br><u><b>\$ 13,100,568</b></u> | <br><u><b>\$ 11,651,658</b></u> |

In, 2016, the Corporation entered into a multi-year commitment to provide funding to the Cade Museum. This commitment has been recorded in Grants Payable in the statement of financial position. The grant will be funded by future royalties of the Gatorade Trust.

**NOTE 16 – Endowment Funds**

The changes in endowment fund balances are as follows:

|                              | <u>2019</u>                 | <u>2018</u>                 |
|------------------------------|-----------------------------|-----------------------------|
| <b>Balance – January 1</b>   | <b>\$ 10,472,704</b>        | <b>\$ 10,950,674</b>        |
| Net Investment Return        | 562,766                     | (666,125)                   |
| Contributions                | 747,000                     | 224,899                     |
| Royalties                    | 147,059                     | 235,948                     |
| Grants                       | <u>(717,165)</u>            | <u>(272,692)</u>            |
| <b>Balance – December 31</b> | <b><u>\$ 11,212,364</u></b> | <b><u>\$ 10,472,704</u></b> |

**Notes to Financial Statements**  
**December 31, 2019**  
**Community Foundation of North Central Florida, Inc.**

**NOTE 17 – Reclassifications**

Net assets were released from restrictions as follows:

|   | <u>2019</u>         |    | <u>2018</u>         |
|---|---------------------|----|---------------------|
| <b>Expiration of Time Restrictions</b>      | \$                  | -- | \$ 70,000           |
| <b>Expenditure of purpose restrictions:</b> |                     |    |                     |
| Educational                                 | 36,445              |    | 529,067             |
| Health and Human Services                   | 683,918             |    | 858,982             |
| Civic                                       | 13,661              |    | 1,635               |
| Other                                       | 313,982             |    | 64,122              |
| <b>Expenditure from endowed funds:</b>      |                     |    |                     |
| Donor Advised Funds                         | 279,133             |    | 232,108             |
| Donor Designated Funds                      | 63,869              |    | 16,465              |
| Field of Interest Funds                     | 157,538             |    | 17,767              |
| General Endowment Fund                      | 6,500               |    | 6,350               |
| <b>Board removal of restrictions:</b>       |                     |    |                     |
| General Endowment Fund                      | 200,000             |    | --                  |
| <b>Totals</b>                               | <u>\$ 1,755,046</u> |    | <u>\$ 1,796,496</u> |

**NOTE 18 – Grants to Other Organizations**

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

|                           | <u>2019</u>         |  | <u>2018</u>         |
|---------------------------|---------------------|--|---------------------|
| Educational               | \$ 539,942          |  | \$ 387,250          |
| Animals and Environment   | 429,533             |  | 217,688             |
| Health and Human Services | 903,119             |  | 1,566,045           |
| Civic and Community       | 166,179             |  | 44,808              |
| Youth                     | 208,871             |  | 466,733             |
| Arts and Culture          | 75,148              |  | 91,733              |
| International             | 5,000               |  | 5,000               |
| <b>Total</b>              | <u>\$ 2,327,792</u> |  | <u>\$ 2,779,257</u> |

**NOTE 19 – Prior Period Adjustment**

The Corporation corrected an error in the financial statements as of and for the year ended December 31, 2018. The Corporation originally reported a fund established in 2018 as a donor designated fund which is purpose restricted. The fund was later determined to be an agency fund. The following table displays the accounts that have been restated.

|                                     | <u>As Reported</u>   | <u>Adjustment</u>   | <u>As Restated</u>   |
|-------------------------------------|----------------------|---------------------|----------------------|
| Contributions                       | \$ 2,230,237         | \$ (287,412)        | \$ 1,942,825         |
| Net Investment Return               | (660,842)            | 12,654              | (648,188)            |
| Change in Net Assets                | (1,007,672)          | (274,758)           | (1,282,430)          |
| Net Assets with Donor Restrictions  | 11,926,426           | (274,758)           | 11,651,658           |
| Agency Funds Payable                | 3,808,634            | 274,758             | 4,083,392            |
| <b>Net Assets December 31, 2018</b> | <b>\$ 14,215,039</b> | <b>\$ (274,758)</b> | <b>\$ 13,940,281</b> |



**Notes to Financial Statements**  
**December 31, 2019**  
**Community Foundation of North Central Florida, Inc.**

**NOTE 20 – 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, 2018, from which the summarized information was derived.

**NOTE 21 – Subsequent Events**

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, stock market indices have declined, unemployment rates have increased, and global economic activity has decreased as significant portions of the world observe social distancing. The extent to which these events will affect the amounts reported in future financial statements remains uncertain.

The Corporation evaluated events and transactions for potential recognition or disclosure through September 17, 2020, which is the date the financial statements were available to be issued.