

Community Foundation of North Central Florida, Inc.

Financial Statements
And
Independent Auditors' Report
December 31, 2020

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Kattell and Company, P.L.

Certified Public Accountants Serving the Nonprofit Community

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September 24, 2021

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

Independent Auditors' Report on the Audit of the Financial Statements

Opinion.

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, 2020, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Community Foundation of North Central Florida, Inc. as of December 31, 2020, 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.

Basis for Opinion. We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation 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 the Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 GAAS 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 GAAS, 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 Corporation'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 the Corporation's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information. We have previously audited the Corporation's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report September 19, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Kattell and Company, P.L.

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

- Albert Einstein

Statement of Financial Position
December 31, 2020
(with summarized information for 2019)
Community Foundation of North Central Florida, Inc.

Assets	2020	2019
Cash – Checking	\$ 1,032,400	\$ 492,705
Investments – Securities	8,262,542	8,980,047
Contributions Receivable	923,799	576,371
Other Receivables	123,113	122,970
Prepaid Expense	--	11,195
Property and Equipment, Net	638,378	655,251
Restricted to Long-Term Investment:		
Investments	6,648,642	5,876,926
Mortgage Receivable, Net	481,051	496,850
Interest in Gatorade Trust	5,514,000	4,787,500
Total Assets	\$ 23,623,925	\$ 21,999,815
Liabilities and Net Assets		
Liabilities:		
Accounts Payable	\$ 2,585	\$ 2,229
Grants Payable	852,264	796,946
Agency Funds Payable	4,620,861	5,266,868
Mortgage Note Payable	215,976	242,404
Total Liabilities	5,691,686	6,308,447
Net Assets:		
Without Donor Restrictions	3,206,117	2,590,800
With Donor Restrictions	14,726,122	13,100,568
Total Net Assets	17,932,239	15,691,368
Total Liabilities and Net Assets	\$ 23,623,925	\$ 21,999,815

See accompanying notes.

Statement of Activities
For the Year Ended December 31, 2020
(with summarized information for 2019)
Community Foundation of North Central Florida, Inc.

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Support and Revenues:</u>				
Contributions:				
Board	\$ 47,043	\$ --	\$ 47,043	\$ 23,810
Government Grant	40,526	--	40,526	--
Other	1,284,314	2,088,586	3,372,900	2,865,402
Royalty Income – Gatorade Trust	795,675	--	795,675	690,837
Interest on Mortgage Receivable	--	45,308	45,308	51,365
Fund Administration Fee	62,169	--	62,169	60,342
Rental Income	7,510	--	7,510	10,560
Center for Nonprofit Excellence	14,730	--	14,730	24,900
Miscellaneous Revenue	21,222	--	21,222	36,152
Support Provided by Expiring Time and Purpose Restrictions	1,814,275	(1,814,275)	--	--
Total Support and Revenues	4,087,464	319,619	4,407,083	3,763,368
<u>Expenses:</u>				
Program Services:				
Grants	3,014,557	--	3,014,557	2,327,792
Expenses	102,515	--	102,515	149,508
Allocated Overhead	233,918	--	233,918	146,518
Total Program Expenses	3,350,990	--	3,350,990	2,623,818
Supporting Activities:				
Management and General	114,161	--	114,161	124,849
Fundraising	154,342	--	154,342	137,248
Total Expenses	3,619,493	--	3,619,493	2,885,915
Excess (Deficit) of Support and Revenue over Expenses	467,971	319,619	787,590	877,453
Net Investment Return	147,346	579,435	726,781	1,277,134
Gain/(Loss) on Interest in Gatorade Trust	--	726,500	726,500	(403,500)
Change in Net Assets	615,317	1,625,554	2,240,871	1,751,087
Net Assets, Beginning of Year	2,590,800	13,100,568	15,691,368	13,940,281
Net Assets, End of Year	\$ 3,206,117	\$ 14,726,122	\$ 17,932,239	\$ 15,691,368

See accompanying notes.

Statement of Cash Flows
For the Year Ended December 31, 2020
(with summarized information for 2019)
Community Foundation of North Central Florida, Inc.

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 2,240,871	\$ 1,751,087
Adjustments:		
Net (Gain)/Loss on Investments	(986,062)	(1,993,370)
(Gain)/Loss on Interest in Gatorade Trust	(726,500)	403,500
Cash Contributions Restricted to Long-Term Investment	(131,508)	(391,021)
Program Loan Discount Amortization	(15,970)	(17,779)
Depreciation Expense	16,873	16,873
Changes In:		
Receivables:		
Contributions	(347,428)	33,433
Other	(143)	(357)
Prepaid Expense	11,195	(5,008)
Accounts Payable	356	(12,013)
Grants Payable	55,318	(612,452)
Agency Funds	(646,007)	1,183,476
Net Cash Provided by (Used In) Operating Activities	(529,005)	356,369
Cash Flows from Investing Activities:		
Securities Purchased	(445,763)	(1,587,862)
Securities Sold	1,377,614	391,939
Mortgage Loan Collections	31,769	33,077
Net Cash Provided by (Used In) Investing Activities	963,620	(1,162,846)
Cash Flows from Financing Activities:		
Payments on Notes Payable	(26,428)	(25,359)
Contributions Restricted to Long-Term Investment	131,508	391,021
Net Cash Flows Provided by Financing Activities	105,080	365,662
Net Change in Cash and Equivalents	539,695	(440,815)
Cash, Beginning of Year	492,705	933,520
Cash, End of Year	\$ 1,032,400	\$ 492,705
Amount of Interest Cost Paid	\$ 9,818	\$ 10,889

See accompanying notes.

Statement of Functional Expenses
For the Year Ended December 31, 2020
(with summarized information for 2019)
Community Foundation of North Central Florida, Inc.

	2020				2019
	Program Services	Management and General	Fund Raising	Totals	Totals
Salaries and Benefits	\$ 160,255	\$ 56,728	\$ 108,886	\$ 325,869	\$ 228,465
Grants to Other Organizations	3,014,557	--	--	3,014,557	2,327,792
Direct Program Expenses	102,515	--	--	102,515	149,508
Advertising	13,144	4,813	9,108	27,065	23,533
Depreciation	8,194	3,000	5,679	16,873	16,873
Interest Expense	4,768	1,746	3,304	9,818	10,889
Insurance	2,655	972	1,840	5,467	6,484
Occupancy	8,783	3,216	6,086	18,085	17,444
Office Expense	15,411	5,643	10,680	31,734	31,389
Professional Fees	4,868	33,415	--	38,283	37,100
Event Expenses	3,200	--	--	3,200	7,969
Technology	10,997	4,027	7,621	22,645	21,740
Travel	1,643	601	1,138	3,382	6,729
TOTALS	<u>\$ 3,350,990</u>	<u>\$ 114,161</u>	<u>\$ 154,342</u>	<u>\$ 3,619,493</u>	<u>\$ 2,885,915</u>

See accompanying notes.

Notes to Financial Statements
December 31, 2020
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 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, 2020
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.
- **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.

Notes to Financial Statements
December 31, 2020
Community Foundation of North Central Florida, Inc.

NOTE 1 – Summary of Significant Accounting Policies (concluded)

Revenue Recognition – Contributions (concluded)

- **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.

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, 2020
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:

Financial Assets:	<u>2020</u>	<u>2019</u>
Cash	\$ 1,032,400	\$ 492,705
Contributions Receivable	923,799	576,371
Other Receivables	123,113	122,970
Investments	14,911,184	14,856,973
Mortgage Receivable	481,051	496,850
Interest in Gatorade Trust	<u>5,514,000</u>	<u>4,787,500</u>
Total Financial Assets	<u>22,985,547</u>	<u>21,333,369</u>
Less assets restricted or designated for:		
Grant Payables (Note 11)	(852,264)	(546,946)
Agency Funds (Note 12)	(4,620,861)	(5,266,868)
Endowments (Note 14)	(12,643,693)	(11,462,364)
Purpose Restricted (Note 14)	(1,992,429)	(1,798,204)
Donor Advised (Note 13)	<u>(2,783,564)</u>	<u>(2,189,505)</u>
Amount available for general expenditures within one year	<u>\$ 92,736</u>	<u>\$ 69,482</u>

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 investments.

NOTE 3 – Deposit Credit Risk

The Corporation held \$741,385 and \$246,399 in excess of FDIC insurance coverage as of December 31, 2020 and 2019, 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%.

	<u>2020</u>	<u>2019</u>
2020	\$ --	\$ 399,656
2021	590,000	90,000
2022	340,000	90,000
2023	<u>10,000</u>	<u>10,000</u>
Total	940,000	589,656
Less-Unamortized Discount	<u>(16,201)</u>	<u>(13,285)</u>
Contributions Receivable, Net	<u>\$ 923,799</u>	<u>\$ 576,371</u>

Notes to Financial Statements
December 31, 2020
Community Foundation of North Central Florida, Inc.

NOTE 5 – Property and Equipment, Net

Property and equipment consist of the following at December 31:

	<u>2020</u>	<u>2019</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>(112,892)</u>	<u>(96,019)</u>
Property and Equipment, Net	<u>\$ 638,378</u>	<u>\$ 655,251</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.

NOTE 6 – Investments

The following provides a summary of amounts held:

	<u>Mutual Funds</u>		<u>Cash</u>	<u>Total</u>
	<u>Fixed Income</u>	<u>Equities</u>		
At December 31, 2020				
SunTrust	\$ --	\$ --	\$ 389	\$ 389
InterCarolina Financial	--	--	192,399	192,399
Merrill Lynch	49,838	160,266	1,494	211,598
Fidelity	<u>8,398,528</u>	<u>5,875,090</u>	<u>233,180</u>	<u>14,506,798</u>
Total	<u>\$ 8,448,366</u>	<u>\$ 6,035,356</u>	<u>\$ 427,462</u>	<u>\$ 14,911,184</u>
At December 31, 2019				
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	<u>5,155,801</u>	<u>9,045,717</u>	<u>243,277</u>	<u>14,444,795</u>
Total	<u>\$ 5,316,544</u>	<u>\$ 9,288,156</u>	<u>\$ 252,273</u>	<u>\$ 14,856,973</u>

Net return on investment consists of the following:

	<u>2020</u>	<u>2019</u>
Interest and Dividends	\$ 234,108	\$ 397,525
Management Fees	(37,184)	(35,026)
Net Gain/(Loss)	<u>796,700</u>	<u>1,630,426</u>
Total Return on Investments	<u>\$ 993,624</u>	<u>\$ 1,992,925</u>

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

	<u>2020</u>	<u>2019</u>
Reported on the Statement of Activities:		
Net Investment Return	\$ 726,781	\$ 1,277,134
Change in Agency Payable	<u>266,843</u>	<u>715,791</u>
Total Return on Investments	<u>\$ 993,624</u>	<u>\$ 1,992,925</u>

Notes to Financial Statements
December 31, 2020
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 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, 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:

2020	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
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>
2019	<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
Total	<u>\$14,856,973</u>	<u>\$ 4,787,500</u>	<u>\$19,644,473</u>

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

Notes to Financial Statements
December 31, 2020
Community Foundation of North Central Florida, Inc.

NOTE 9 – Mortgage Receivable

The Corporation loaned \$800,000 to a local charity in 2006. The charity used the proceeds to purchase a facility to house its operations. The Corporation obtained a promissory note that is secured by the purchased property. The note calls for monthly payments of \$3,858 at a 5% fixed rate of interest for forty years. Future cash flows are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
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	92,298	7,366	99,664
Totals	<u>\$ 621,932</u>	<u>\$ 449,843</u>	<u>\$ 1,071,775</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>2020</u>	<u>2019</u>
Unpaid principal	\$ 621,932	\$ 653,702
Unamortized discount	(140,881)	(156,852)
Net amount reported	<u>\$ 481,051</u>	<u>\$ 496,850</u>

NOTE 10 – 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>
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	32,001
Totals	<u>\$ 215,976</u>	<u>\$ 33,507</u>	<u>\$ 249,483</u>

NOTE 11 – Grants Payable

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

	<u>2020</u>	<u>2019</u>
2020	\$ --	\$ 754,758
2021	614,471	42,188
2022	250,000	--
Less-Unamortized Discount	(12,207)	--
Total Grant Payable	<u>\$ 852,264</u>	<u>\$ 796,946</u>

Notes to Financial Statements
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NOTE 12 – Agency Funds

The Corporation enters into agreements to hold and invest funds for specified organizations. Amounts provided by the specified organizations and held by the Corporation are accounted for as agency funds payable. Additional amounts provided, earnings, and gains on investments are added to the liability. Any investment fees and losses and any disbursements to the specified organization are subtracted from the liability. The number of agencies and account balances are as follows:

<u>Year</u>	<u>Number of Agencies</u>	<u>Total</u>
2020	22	\$ 4,620,861
2019	23	\$ 5,266,868

NOTE 13 – Net Assets Without Donor Restrictions

Net assets without donor restrictions consist of the following:

	<u>2020</u>	<u>2019</u>
Donor Advised Funds	\$ 2,783,564	\$ 2,189,505
Invested in Property and Equipment	332,402	322,847
Funds with Negative Fund Balance	(530)	(10,065)
Other	90,681	88,513
Total	<u>\$ 3,206,117</u>	<u>\$ 2,590,800</u>

NOTE 14 – Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following:

	<u>2020</u>	<u>2019</u>
Purpose restrictions available for spending:		
Educational Grants	\$ 472,744	\$ 469,456
Health and Human Service Grants	728,142	637,421
Civic & Community Grants	262,544	98,031
Other Grants	342,994	321,580
Total purpose restricted net assets	<u>1,806,424</u>	<u>1,526,488</u>
Time restrictions:		
Pledges Receivable for programs	137,268	208,842
Pledges Receivable for Scholarship Endowment	48,737	62,874
Total net assets with time restrictions	<u>186,005</u>	<u>271,716</u>
Endowment Funds:		
Cade Family Fund (see Note 7)	5,514,000	4,537,500
Donor Advised Endowment Funds - Original Gifts total \$4,452,806. Earnings may be granted to nonprofit organizations on the advice of the donor.	5,391,887	5,147,421
Donor Designated Endowment Funds - Original Gifts total \$912,021. Earnings are granted to organizations which are chosen by the donor when they established the fund.	1,076,202	950,972
Field of Interest Endowments - Original Gifts total \$559,131. Earnings are restricted to provide funding for specific community initiatives.	573,425	466,099
General Endowment Fund - Original Gifts total \$63,283. Earnings are neither donor restricted nor donor advised.	88,179	110,372
Total Endowment Funds	<u>12,643,693</u>	<u>11,212,364</u>
Land - Patients' Park	90,000	90,000
Total Net Assets with Donor Restrictions	<u>\$ 14,726,122</u>	<u>\$ 13,100,568</u>

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NOTE 15 – Endowment Funds

The changes in endowment fund balances are as follows:

	<u>2020</u>	<u>2019</u>
Balance – January 1	\$ 11,212,364	\$ 10,472,704
Net Investment Return	1,306,909	562,766
Contributions	209,451	747,000
Royalties	250,000	147,059
Grants	(335,031)	(717,165)
Balance – December 31	<u>\$ 12,643,693</u>	<u>\$ 11,212,364</u>

NOTE 16 – Reclassifications

Net assets were released from restrictions as follows:

	<u>2020</u>	<u>2019</u>
Expiration of Time Restrictions	\$ 85,710	\$ --
Expenditure of purpose restrictions:		
Educational	40,716	36,445
Health and Human Services	1,303,946	683,918
Civic	20,661	13,661
Other	28,210	313,982
Expenditure from endowed funds:		
Donor Advised Funds	213,768	279,133
Donor Designated Funds	26,042	63,869
Field of Interest Funds	92,846	157,538
General Endowment Fund	2,376	6,500
Board removal of restrictions:		
General Endowment Fund	--	200,000
Totals	<u>\$ 1,814,275</u>	<u>\$ 1,755,046</u>

NOTE 17 – Grants to Other Organizations

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

	<u>2020</u>	<u>2019</u>
Educational	\$ 1,269,760	\$ 539,942
Health and Human Services	972,352	903,119
Civic and Community	431,730	166,179
Animals and Environment	165,354	429,533
Youth	96,932	208,871
Arts and Culture	78,429	75,148
International	--	5,000
Totals	<u>\$ 3,014,557</u>	<u>\$ 2,327,792</u>

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NOTE 18 – Summarized Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Corporation's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

NOTE 19 – Subsequent Events

The Corporation evaluated events and transactions for potential recognition or disclosure through September 24, 2021, which is the date the financial statements were available to be issued.