

**COMMUNITY FOUNDATION OF COLLIER
COUNTY, INC. AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020



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December 6, 2021

Board of Directors and Members of
Community Foundation of Collier County, Inc.
and Subsidiaries
Naples, Florida

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Community Foundation of Collier County, Inc. and Subsidiaries (the Organization), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities and changes in net assets, program and supporting services, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated 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 Organization'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Community Foundation of Collier County, Inc. and Subsidiaries as of June 30, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2021, on our consideration of Community Foundation of Collier County, Inc. and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Community Foundation of Collier County, Inc. and Subsidiaries' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Foundation of Collier County, Inc. and Subsidiaries' internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Community Foundation of Collier County, Inc. and Subsidiaries' 2020 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 14, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Hill, Barth & King LLC

Certified Public Accountants

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 19,940,875	\$ 22,012,890
Accrued interest receivable	247,480	239,721
Investments	256,855,634	195,869,510
Other receivables	2,317,893	26,830
Pledges receivable, net	1,964,920	1,592,513
Split-interest agreements	136,008	117,279
Beneficial interest agreement	31,115	27,274
Property and equipment, net	3,558,212	3,664,526
Other assets	54,012	213,241
TOTAL ASSETS	<u>\$ 285,106,149</u>	<u>\$ 223,763,784</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Loans payable	\$ 246,800	\$ 219,460
Grants and scholarships payable	749,550	183,272
Payables and accrued expenses	189,215	281,435
Funds held for agencies	83,311,636	62,879,072
Annuity obligations	261,088	309,051
TOTAL LIABILITIES	<u>84,758,289</u>	<u>63,872,290</u>
<u>NET ASSETS</u>		
Without donor restrictions:		
Undesignated	113,523,032	90,289,629
Designated by the board for endowment	80,826,258	64,121,260
Designated by the board for operating	2,231,409	1,627,627
Invested in property and equipment	3,600,038	3,696,535
TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>200,180,737</u>	<u>159,735,051</u>
With donor restrictions:		
Purpose restrictions	-	11,890
Time restricted for future periods	167,123	144,553
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>167,123</u>	<u>156,443</u>
TOTAL NET ASSETS	<u>200,347,860</u>	<u>159,891,494</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 285,106,149</u>	<u>\$ 223,763,784</u>

See accompanying notes to consolidated financial statements

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended June 30, 2021
(with summarized information for 2020)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTALS	
			2021	2020
<u>SUPPORT AND REVENUES</u>				
Contributions	\$ 26,544,333	\$ -	\$ 26,544,333	\$ 43,608,887
Investment return	41,843,729	19	41,843,748	1,084,001
Special events, net	-	-	-	135,435
Administrative fees - agency funds	201,328	-	201,328	186,874
Miscellaneous income	44,586	-	44,586	19,830
PPP debt forgiveness	219,460	-	219,460	-
	<u>68,853,436</u>	<u>19</u>	<u>68,853,455</u>	<u>45,035,027</u>
Net assets released from restrictions	26,159	(26,159)	-	-
TOTAL SUPPORT AND REVENUES	<u>68,879,595</u>	<u>(26,140)</u>	<u>68,853,455</u>	<u>45,035,027</u>
<u>EXPENSES</u>				
Program services:				
Grants and program expenses	26,696,937	-	26,696,937	26,046,399
Women's Foundation of Collier County	98,040	-	98,040	77,744
Donor services program	413,214	-	413,214	364,219
Unrestricted grants program	627,654	-	627,654	568,673
TOTAL PROGRAM SERVICES	<u>27,835,845</u>	<u>-</u>	<u>27,835,845</u>	<u>27,057,035</u>
Supporting services:				
Development	421,641	-	421,641	434,235
Management and general	696,751	-	696,751	618,211
TOTAL SUPPORTING SERVICES	<u>1,118,392</u>	<u>-</u>	<u>1,118,392</u>	<u>1,052,446</u>
TOTAL EXPENSES	<u>28,954,237</u>	<u>-</u>	<u>28,954,237</u>	<u>28,109,481</u>
Change in value of beneficial interest agreement	-	3,840	3,840	(7,056)
Change in value of split - interest agreements and annuity obligations	(12,873)	32,980	20,107	(102,331)
CHANGES IN NET ASSETS BEFORE SUPPORTING ORGANIZATIONS AND LLC ACTIVITY	<u>39,912,485</u>	<u>10,680</u>	<u>39,923,165</u>	<u>16,816,159</u>
<u>SUPPORTING ORGANIZATIONS AND LLC ACTIVITY</u>				
Contributions	10,000	-	10,000	604,552
Investment return	496,927	-	496,927	59,206
LLC net profit	31,875	-	31,875	78,387
Expenses	(5,601)	-	(5,601)	(1,063)
TOTAL SUPPORTING ORGANIZATIONS AND LLC ACTIVITY	<u>533,201</u>	<u>-</u>	<u>533,201</u>	<u>741,082</u>
CHANGES IN NET ASSETS	<u>40,445,686</u>	<u>10,680</u>	<u>40,456,366</u>	<u>17,557,241</u>
<u>NET ASSETS</u>				
Beginning of year	159,735,051	156,443	159,891,494	142,334,253
End of year	<u>\$ 200,180,737</u>	<u>\$ 167,123</u>	<u>\$ 200,347,860</u>	<u>\$ 159,891,494</u>

See accompanying notes to consolidated financial statements

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PROGRAM AND SUPPORTING SERVICES

Year ended June 30, 2021
(with summarized information for 2020)

	PROGRAM SERVICES				SUPPORTING SERVICES		TOTALS	
	GRANTS AND PROGRAM EXPENSES	WOMEN'S FOUNDATION OF COLLIER COUNTY	DONOR SERVICES PROGRAM	UNRESTRICTED GRANTS PROGRAM	DEVELOPMENT	MANAGEMENT AND GENERAL	2021	2020
	Grants and program expenses	\$ 26,696,937	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,696,937
Salaries and benefits	-	67,134	331,469	520,880	284,116	441,959	1,645,558	1,528,971
Rent and CAM	-	-	7,187	11,293	6,160	9,582	34,222	34,158
Professional services	-	18,217	38,885	61,106	34,726	86,103	239,037	184,951
Office expense	-	5,663	20,340	31,963	17,434	49,639	125,039	99,742
Printing and publications	-	4,432	13,799	-	41,394	-	59,625	35,702
Advertising	-	1,000	-	-	23,601	-	24,601	22,209
Dues and subscriptions	-	1,128	-	-	12,894	12,895	26,917	26,164
Staff development	-	466	1,534	2,412	1,316	2,046	7,774	38,984
Depreciation	-	-	-	-	-	94,527	94,527	92,201
TOTAL	\$ 26,696,937	\$ 98,040	\$ 413,214	\$ 627,654	\$ 421,641	\$ 696,751	\$ 28,954,237	\$ 28,109,481

See accompanying notes to consolidated financial statements

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Cash received from contributions	\$ 14,898,177	\$ 22,240,063
Cash received from contributed securities	8,648,111	10,015,431
Cash received from interest and dividends	6,003,848	5,532,563
Cash received from agency transactions	3,168,279	1,564,133
Cash paid for grants and program expenses	(26,113,659)	(26,023,909)
Cash paid for other expenses	(2,794,792)	(2,691,813)
Other cash receipts	400,079	618,222
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>4,210,043</u>	<u>11,254,690</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from sale of investments	38,599,012	64,709,362
Purchase of investments	(45,058,592)	(85,953,315)
Purchase of property and equipment	(22,691)	(67,872)
NET CASH USED IN INVESTING ACTIVITIES	<u>(6,482,271)</u>	<u>(21,311,825)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds from Paycheck Protection Program	246,800	219,460
Payments to beneficiaries of annuity obligations	(60,837)	(60,836)
Proceeds from split-interest agreements	14,250	23,750
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>200,213</u>	<u>182,374</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(2,072,015)</u>	<u>(9,874,761)</u>
<u>CASH AND CASH EQUIVALENTS</u>		
Beginning of year	<u>22,012,890</u>	<u>31,887,651</u>
End of year	<u>\$ 19,940,875</u>	<u>\$ 22,012,890</u>

See accompanying notes to consolidated financial statements

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

Years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>RECONCILIATION OF CHANGES IN NET ASSETS TO</u>		
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>		
Changes in net assets	\$ 40,456,366	\$ 17,557,241
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Gain on sale of investments	(4,502,499)	(523,281)
Net (appreciation) depreciation in fair value of investments	(49,774,250)	3,039,585
Change in present value discount of pledges receivable	86,926	31,197
Depreciation	129,005	126,679
Change in value of split-interest agreements and annuity obligations	(20,107)	102,331
Change in value of beneficial interest agreement	(3,841)	7,056
Contributed securities	8,398,316	(364,560)
Sale of contributed securities	(8,648,111)	(10,015,431)
Granted securities	-	1,630,416
Paycheck Protection Program debt forgiveness	(219,460)	-
(Increase) decrease in assets:		
Accrued interest receivable	(7,757)	(145)
Other receivables	(2,291,063)	438,770
Pledges receivable	(459,333)	(1,619,000)
Other assets	159,229	(107,938)
Increase (decrease) in liabilities:		
Grants and scholarships payable	566,278	44,491
Payables and accrued expenses	(92,220)	85,104
Funds held for agencies	20,432,564	822,175
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 4,210,043</u>	<u>\$ 11,254,690</u>

See accompanying notes to consolidated financial statements

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities:

Community Foundation of Collier County, Inc. and Subsidiaries (Organization) is comprised of Community Foundation of Collier County, Inc. (Foundation) and its subsidiaries: The Kapnick Fund, Inc., JFN 4444, LLC and The Lawrence and Ellen Macks Family Foundation of Florida, Inc.

The Foundation was incorporated in 1983 and began its operations in 1985 as a Florida nonprofit corporation. The express purpose of the Foundation is to support and fund charitable, educational, and cultural endeavors and social services primarily in Collier County, Florida by providing a permanent source of capital and endowment funds to meet the changing needs of Collier County in perpetuity. Grants provided are in accordance with the terms of the Foundation's guidelines and are subject to the approval of the board of trustees (the Board).

The Kapnick Fund, Inc., a Florida nonprofit corporation, was organized in 2017 to operate exclusively for charitable educational, and scientific purposes and specifically within those purposes to operate as a supporting organization of the Foundation.

JFN 4444, LLC, a for-profit Florida limited liability company, owns commercial rental property in Naples, Florida.

The Lawrence and Ellen Macks Family Foundation of Florida, Inc., a Florida nonprofit corporation, was organized in 2019 to operate exclusively for charitable, educational, and scientific purposes and specifically within those purposes to operate as a supporting organization of the Foundation.

Principles of Consolidation:

The accompanying consolidated financial statements include the accounts of Community Foundation of Collier County, Inc., The Kapnick Fund, Inc., JFN 4444, LLC, and The Lawrence and Ellen Macks Family Foundation of Florida, Inc. (collectively, the Organization), after elimination of intercompany accounts and transactions.

Basis of Accounting:

The accounts of the Organization are maintained, and the accompanying consolidated financial statements have been prepared, on the accrual basis of accounting. Accordingly, assets are recorded when the Organization obtains the rights of ownership or is entitled to claims for receipt and liabilities are recorded when the obligation is incurred.

Financial Statement Presentation:

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Net assets without donor restrictions are defined as assets that are free of donor-imposed restrictions and include all investment income and appreciation not subject to donor-imposed restrictions, as discussed below. Net assets with donor restrictions are net assets whose use has been limited by donor-imposed time or purpose restrictions or those that are defined as net assets required by the donor restrictions or law to be maintained by the Organization in perpetuity. The Organization reflects restricted contributions whose restrictions are met in the same reporting period as unrestricted support.

The consolidated financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not constitute a presentation in accordance with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2020, from which the summarized information was derived.

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021 and 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued):

Accounting principles generally accepted in the United States of America provide that if the governing body of an organization has unilateral power to redirect the use of a donor's contribution to another beneficiary, such contributions must be classified as net assets without donor restrictions. The Board has that ability (i.e., variance power); however, it would only exercise this authority if circumstances rendered the donor's requests unnecessary, undesirable, impracticable, impossible, or incapable of fulfillment. Accordingly, the Organization's consolidated financial statements classify substantially all amounts as without donor restrictions.

Recently Adopted Accounting Pronouncements:

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, Revenue from Contracts with Customers, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The new guidance also added Subtopic 340-40, Other Assets and Deferred Costs—Contracts with Customers, to the ASC to require the deferral of incremental costs of obtaining a contract with a customer. Collectively, the Organization refers to the new Topic 606 and Subtopic 340-40 as the "new guidance."

The Organization adopted the requirements of the new guidance as of July 1, 2019, utilizing the modified retrospective method of transition. The adoption of the new guidance did not have a material impact on the Organization's consolidated financial statements.

Liquidity:

Assets are presented in the accompanying consolidated statements of financial position according to their nearness of conversion to cash, and liabilities according to the nearness of their maturity and resulting use of cash.

Cash and Cash Equivalents:

For purposes of these consolidated financial statements, the Organization considers all unrestricted bank accounts, money market funds, and short-term investments with a maturity of three months or less when purchased to be cash equivalents. The Organization maintains bank accounts with balances which, at times, may exceed federally insured limits. The exposure to the Organization for uninsured cash at June 30, 2021 is \$20,699,336.

Investments:

Investments in securities, mutual funds, corporate bonds, and government bonds are carried at fair value determined by quoted prices on the last business day of the year. Investments in alternative investment funds that are not readily tradable are carried at an estimated fair value at the end of the period, as determined by management based upon consolidated financial statements, third-party pricing services, and other financial information reported by the administrator of the underlying investment funds.

Donated investments are recorded at fair value at the date of receipt. Investment income may be either with donor restrictions or without donor restrictions resources when earned, determined according to donor-imposed restrictions. The Organization follows a total return concept with regard to investments; as such, unrealized appreciation or depreciation on net assets is considered to be without donor restrictions.

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021 and 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Split-Interest Agreements:

The Organization's split-interest agreements with donors consist of charitable remainder trusts and charitable lead trusts. Gains or losses resulting from changes in actuarial assumptions and accretions of the discount are recorded as increases or decreases in the value of split-interest agreements in the consolidated statements of activities and changes in net assets.

Beneficial Interest Agreement:

The Organization's beneficial interest agreement consists of a charitable gift annuity where the annuity is the obligation of a different charity. Upon the charity's satisfaction of its obligation, the entire residuum will be distributed to the Organization. This designation is irrevocable. Gains or losses resulting from changes in actuarial assumptions and accretions of the discount are recorded as increases or decreases in the value of beneficial interest agreement in the consolidated statements of activities and changes in net assets.

Property and Equipment:

Property and equipment are capitalized at cost, if purchased or at fair value at the time of contribution, on items valued at more than \$2,500 with a life greater than one year. Depreciation is computed utilizing the straight-line method over the estimated useful lives of the respective assets ranging from 5-35 years.

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Funds Held for Agencies:

The Organization has adopted accounting standards for transactions in which a community foundation accepts a contribution from a nonprofit organization and agrees to transfer those assets, the return on investment of those assets, or both, back to the nonprofit organization. The standards specifically require that if a nonprofit organization establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability rather than as a contribution. The Organization refers to such funds as agency funds. As of June 30, 2021 and 2020, the Organization held 183 and 169 agency funds, respectively. The Organization maintains variance power and legal ownership of agency endowment funds and as such continues to report the funds as assets of the Organization. However, a liability has been established for the fair value of the funds.

Annuity Obligations:

The Organization is obligated under charitable gift annuity agreements. The obligations were calculated based on actuarial assumptions and the fair values at the dates of receipt. The Organization has recorded a gift annuity obligation equal to the present value of the total anticipated future payments to the beneficiaries. Gains or losses resulting from changes in actuarial assumptions and accretions of the discount are recorded as increases or decreases in the value of annuity obligations in the consolidated statements of activities and changes in net assets.

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021 and 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions:

The Organization accounts for all contributions in accordance with the donor's original intent as provided for in the gift instruments in classifications of contributions listed below. The items are reflected as without donor restriction due to the Board's variance power in accordance with accounting principles generally accepted in the United States of America.

Field of Interest Funds – Represents funds where the donor has designated that the annual grants are used to benefit a particular charitable area (or field of interest).

Designated Funds for Specific Nonprofits (including Administrative and Program Endowment) – Represents funds where the donor has designated that the annual grants are used to benefit a particular charity or charities.

Discretionary Grantmaking Funds – Represents funds where the donor has designated the Board provide annual grants, through its community grant program, to nonprofits serving Collier County.

Scholarship Funds – Represents funds that are used to provide nondiscriminatory scholarships to eligible applicants in order to further their education.

Donor Advised Funds – Represents funds for which the donor wishes to be actively involved in choosing the organizations that receive grants from the fund. However, ultimate responsibility and discretion for making such distributions remains with the Board.

Operating Funds – Represents operating funds and operating reserves, as well as amounts required by Florida state law for the Charitable Gift Annuity Program.

Functional Allocation of Expenses:

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statement of program and supporting services. Accordingly, pass-through funds and grants have been allocated directly to program services and the remaining costs have been allocated both directly and indirectly to either program or supporting services based on time studies performed by management.

Fair Value Measurements:

The Organization categorizes its assets and liabilities, measured at fair value, into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021 and 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued):

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.

Level 2 – Financial assets and liabilities are valued using inputs which are quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data. Level 2 includes private collateralized mortgage obligations, municipal bonds, and corporate debt securities.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset or inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset. Level 3 includes privately held domestic equities.

The Organization measures assets without readily determinable fair values using net asset value per share (or equivalent) as an expedient. These assets and liabilities fall within the hierarchy level known as NAV which includes private equity funds, venture capital funds, hedge funds, commingled funds, and real estate investment funds.

Subsequent to initial recognition, the Organization may remeasure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

Donated Services:

Many individuals volunteer their time and perform a variety of tasks that assist the Organization in educational services, committee assignments, and fund-raising. During the years ended June 30, 2021 and 2020, the Organization did not recognize donated services in the consolidated statements of activities and changes in net assets.

Income Taxes:

The Internal Revenue Service (IRS) has determined the Foundation to be exempt from income taxes under the provisions of Internal Revenue Code (IRC) Section 501(c)(3). In addition, the Foundation has been determined by the IRS to be other than a private foundation within the meaning of Section 509(a) of the IRC. Accordingly, no provision for income taxes has been made in these consolidated financial statements.

The IRS has determined The Kapnick Fund, Inc. to be exempt from income taxes under the provisions of IRC Section 501(c)(3). In addition, The Kapnick Fund, Inc. has been determined by the IRS to be other than a private foundation within the meaning of Section 509(a) of the IRC. Accordingly, no provision for income taxes has been made in these consolidated financial statements.

JFN 4444, LLC, a for-profit Florida limited liability company, is a disregarded entity for tax purposes with its income reported by the Organization. There is no debt associated with the underlying assets of this entity. Therefore, its rental activities are not subject to income taxes.

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021 and 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued):

The IRS has determined The Lawrence and Ellen Macks Family Foundation of Florida, Inc. to be exempt from income taxes under the provisions of IRC Section 501(c)(3). In addition, The Lawrence and Ellen Macks Family Foundation of Florida, Inc has been determined by the IRS to be other than a private foundation within the meaning of Section 509(a) of the IRC. Accordingly, no provision for income taxes has been made in these consolidated financial statements.

Use of Estimates:

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification:

Certain cash flow items in the prior year consolidated financial statements have been reclassified to conform to the current year presentation. Such reclassifications had no effect on changes in net assets.

NOTE B – INVESTMENTS

Investments at June 30, 2021 and 2020, are composed of the following:

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Domestic equities	\$ 59,682,674	\$ 92,921,954	\$ 59,295,347	\$ 69,010,260
International equities	40,375,314	51,228,626	37,793,515	35,749,521
Fixed income	47,978,747	50,082,173	44,838,337	45,712,278
Commingled funds	33,183,260	44,723,322	29,839,644	30,614,160
Hedge funds	3,485,064	6,484,086	3,485,354	5,366,166
Private equity	14,007,841	9,844,649	12,465,151	8,037,663
Real estate investment funds	825,000	1,120,325	825,000	1,070,293
Commodity funds	488,261	450,499	271,939	309,169
TOTAL INVESTMENTS	\$200,026,161	\$256,855,634	\$ 188,814,287	\$ 195,869,510

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021 and 2020

NOTE B – INVESTMENTS (CONTINUED)

Several of the alternative investment funds may engage in the speculative trading of commodity interests, including commodity and financial futures, forward contracts, options on futures, and other financial instruments. Risks to these investment companies arise from the possible adverse changes in the market value of such interests and the potential inability of counterparties to perform under the terms of the contracts. In addition, the funds from time-to-time may utilize leveraging in the underlying investments. However, the risk to the Organization is limited to the amount of the Organization’s investments in each of these funds. There are no alternative investment funds in which Organization investments are more than 5% of its net assets as of June 30, 2021 and 2020.

The Organization invests in a variety of investments. In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the consolidated statements of financial position.

The following tabulation summarizes unrealized and realized gains and losses for the years ended June 30:

	<u>Cost</u>	<u>Market Value</u>	<u>Excess of Fair Value Over Cost</u>
Balance - June 30, 2020	\$188,814,287	\$195,869,510	\$ 7,055,223
Balance - June 30, 2021	200,026,161	256,855,634	56,829,473
Increase in unrealized appreciation			49,774,250
Net realized gain on investments			4,502,499
		TOTAL	<u>\$ 54,276,749</u>

	<u>Cost</u>	<u>Market Value</u>	<u>Excess of Fair Value Over Cost</u>
Balance - June 30, 2019	\$ 158,297,478	\$ 168,392,286	\$ 10,094,808
Balance - June 30, 2020	188,814,287	195,869,510	7,055,223
Decrease in unrealized appreciation			(3,039,585)
Net realized gain on investments			523,281
		TOTAL	<u>\$ (2,516,304)</u>

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021 and 2020

NOTE B – INVESTMENTS (CONTINUED)

The following is a detailed summary of investment return at June 30:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Dividend and interest income	\$ 6,011,587	\$ 19	\$ 6,011,606
Gain on sale of investments	4,502,499	-	4,502,499
Investment fees	(725,553)	-	(725,553)
Net change in fair value of investments	49,774,250	-	49,774,250
Less: investment gain allocated to agency funds	(17,222,126)	-	(17,222,126)
NET INVESTMENT RETURN	<u>\$ 42,340,657</u>	<u>\$ 19</u>	<u>\$ 42,340,676</u>
	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Dividend and interest income	\$ 5,531,771	\$ 937	\$ 5,532,708
Gain on sale of investments	523,280	1	523,281
Investment fees	(584,970)	(9)	(584,979)
Net change in fair value of investments	(3,039,237)	(348)	(3,039,585)
Less: investment gain allocated to agency funds	(1,288,218)	-	(1,288,218)
NET INVESTMENT RETURN	<u>\$ 1,142,626</u>	<u>\$ 581</u>	<u>\$ 1,143,207</u>

NOTE C – PLEDGES RECEIVABLE

Pledges receivable as of June 30, 2021 and 2020 consist of and are expected to be collected as follows:

	2021	2020
Pledges	<u>1,977,180</u>	1,624,000
Less: discount to net present value	<u>(12,260)</u>	(31,487)
TOTAL PLEDGES RECEIVABLE	<u>\$ 1,964,920</u>	<u>\$ 1,592,513</u>
Less than one year	\$ 1,009,697	\$ 695,167
One to five years	955,223	897,346
TOTAL PLEDGES RECEIVABLE	<u>\$ 1,964,920</u>	<u>\$ 1,592,513</u>

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021 and 2020

NOTE D – SPLIT-INTEREST AGREEMENTS

The Organization is known to be an irrevocable beneficiary of one charitable lead trust and one charitable remainder trust. The Organization is not the trustee for any of the trusts and does not exercise control over any of the assets. The beneficial interest in these assets of \$136,008 and \$117,279 has been recorded, as of June 30, 2021 and 2020, respectively, at the present value of the estimated future benefits to be received once the assets are distributed, using a discount rate of 1.2% and 0.6%, respectively, and a remainder factor based on the life expectancy of the donor.

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment, net, at June 30, 2021 and 2020, consists of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 1,267,310	\$ 1,267,310
Building	2,691,076	2,689,356
Office equipment	254,580	240,443
	4,212,966	4,197,109
Less accumulated depreciation	654,754	532,583
NET PROPERTY AND EQUIPMENT	\$ <u>3,558,212</u>	\$ <u>3,664,526</u>

Depreciation expense of \$94,527 and \$92,201 was charged to management and general expense for the years ended June 30, 2021 and 2020, respectively. Depreciation expense of \$34,478 was charged to JFN 4444, LLC operations for the years ended June 30, 2021 and 2020.

NOTE F – LOANS PAYABLE

Loans payable as of June 30, consisted of the following:

	<u>2021</u>	<u>2020</u>
SBA Paycheck Protection Program note payable to financial institution stated interest rate 1%, maturing February 2026	\$ 246,800	\$ -
SBA Paycheck Protection Program note payable to financial institution stated interest rate 1%, forgiven January 2021	-	219,460
	\$ <u>246,800</u>	\$ <u>219,460</u>

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021 and 2020

NOTE F – LOANS PAYABLE (CONTINUED)

On April 15, 2020, the Organization received loan proceeds in the amount of \$219,460 under the Small Business Administration (“SBA”) Paycheck Protection Program (“PPP”). In February 2021 the Organization received a second draw loan in the amount of \$246,800 under the SBA PPP. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”) and amended under the Paycheck Protection Program and Healthcare Enhancement Act, the Paycheck Protection Program Flexibility Act of 2020, and The Economic Aid to Hard-Hit Businesses, Non-profits and Venues Act (collectively the “Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of their average monthly payroll and certain other expenses. The loans and accrued interest are forgivable after eight to 24 weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities, and meets certain other requirements of the program. The amount of the loan forgiveness can be reduced if the borrower terminates employees or reduces salaries during the covered period.

The unforgiven portion of the PPP loan is payable over two years (or up to five years) at an interest rate of 1%, with a deferral of payments for up to 10 months after the end of the covered period. The Organization currently believes that its use of the loan proceeds will meet the conditions for forgiveness and has applied for forgiveness of the loan.

NOTE G – GRANTS AND SCHOLARSHIPS PAYABLE

Grants and scholarships are recorded as expenses when authorized and committed to a specified recipient and all material conditions have been satisfied by the recipient. As of June 30, 2021 and 2020, grants and scholarships payable in one year or less amount to \$588,050 and \$183,272, respectively.

NOTE H – ANNUITY OBLIGATIONS

The Organization receives funds for gift annuities. The annuity agreements provide that the Organization will pay annuitants an amount each year based on the established life expectancy of the donor. The recorded annuity obligation at June 30, 2021 and 2020, of \$261,088 and \$309,051, respectively, represent the present value of future cash flows expected to be paid to the donors. During the years ended June 30, 2021 and 2020, the Organization did not enter into any new annuity agreement obligations. Payments to beneficiaries for the years ended June 30, 2021 and 2020 totaled \$60,836.

State statutes require that assets equal to the sum of the outstanding annuity agreements, and a surplus of 10% of that amount, be maintained as a reserve in a separate fund. As of June 30, 2021 and 2020, the Organization is in compliance with the state statutes.

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021 and 2020

NOTE I – BOARD-DESIGNATED ENDOWMENT FUNDS

Endowment as of June 30, 2021 and 2020 consists of board-designated endowment funds as follows:

	<u>2021</u>	<u>2020</u>
Designated for specific nonprofits	\$ 26,937,177	\$ 21,199,439
Designated for grant making	32,751,022	26,891,892
Administrative and program endowment	1,724,797	1,415,717
Scholarship	9,344,061	7,388,822
Field of interest	10,069,201	7,225,390
TOTAL BOARD DESIGNATED ENDOWMENT FUNDS	<u>\$ 80,826,258</u>	<u>\$ 64,121,260</u>

The Organization has no donor restricted endowment due to the Organization's variance power authority as described in Note A. The Organization's board-designated endowment consists of funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of board-designated or donor-imposed restrictions.

Interpretation of Relevant Law:

The Organization classifies as board-designated endowment net assets (a) the original value of gifts designated by the Board as endowment, (b) the original value of subsequent gifts to the board-designated endowment, and (c) accumulations of investment earnings and/or losses to the board-designated endowment in accordance with Board designations. The Organization considers all earnings and/or losses on board-designated endowment funds to accumulate in the board-designated endowment fund.

Investment Policies:

The Organization has established an investment policy to determine investment or reinvestment of the assets in accordance with such guidelines, policies, and procedures that are authorized by the Board. These guidelines, policies, and procedures shall attempt to provide a predictable stream of funding to programs supported by the board-designated endowment fund.

Spending Policies:

The Organization has a policy to determine the endowment distribution each year. In establishing this policy, the Organization considers the long-term expected return on its endowment net of investment fees, inflation, and administrative fees. The Organization's goal is to provide sustainable funding to nonprofits in perpetuity.

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021 and 2020

NOTE I – BOARD-DESIGNATED ENDOWMENT FUNDS (CONTINUED)

Board-designated endowment net asset composition as of June 30, 2021 and 2020 and during the years then ended is as follows:

	<u>2021</u>	<u>2020</u>
Endowment net assets - Beginning of year	\$ 64,121,260	\$ 51,864,626
Investment return:		
Investment income	1,325,059	1,185,490
Investment expenses	(236,883)	(162,581)
Net appreciation (depreciation)	14,884,088	(681,931)
Total investment return	<u>15,972,264</u>	<u>340,978</u>
Contributions	23,336,030	19,248,675
Amounts appropriated for expenditures	<u>(22,603,296)</u>	<u>(7,333,019)</u>
Endowment net assets - End of year	<u>\$ 80,826,258</u>	<u>\$ 64,121,260</u>

NOTE J – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Restricted for campaigns and projects	\$ -	\$ 11,890
Time restricted - split interest agreements	136,008	117,279
Time restricted - beneficial interest agreement	31,115	27,274
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 167,123</u>	<u>\$ 156,443</u>

NOTE K – NET ASSETS RELEASED FROM RESTRICTIONS

During the years ended June 30, 2021 and 2020, the Organization released the following amounts from net assets with donor restrictions upon satisfying the terms of restriction:

	<u>2021</u>	<u>2020</u>
Campaigns and projects	\$ 11,909	\$ 131,985
Split interest	14,250	23,750
TOTAL RELEASED FROM DONOR RESTRICTIONS	<u>\$ 26,159</u>	<u>\$ 155,735</u>

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021 and 2020

NOTE L – FAIR VALUE MEASUREMENTS

The Organization uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. For additional information on how the Organization measures fair value, refer to NOTE A. The following table presents the fair value hierarchy for the balances of the assets of the Organization measured at fair value on a recurring basis as of June 30, 2021 and 2020:

	Balance at June 30, 2021	Level 1	Level 2	Level 3	NAV
Assets:					
Investments:					
Domestic equities	\$ 92,921,953	\$ 92,365,513	\$ -	\$ 556,440	\$ -
International equities	51,228,626	51,228,626	-	-	-
Fixed income	50,082,173	33,895,248	16,186,925	-	-
Hedge funds	6,484,086	-	-	-	6,484,086
Private equity	9,844,649	-	-	-	9,844,649
Real estate investment funds	1,120,325	-	-	-	1,120,325
Commodity funds	450,500	-	-	-	-
Commingled funds	44,723,322	-	-	-	44,723,322
Total investments	<u>\$256,855,634</u>	<u>\$177,489,387</u>	<u>\$ 16,186,925</u>	<u>\$ 556,440</u>	<u>\$ 62,172,382</u>
Split-interest agreements	\$ 136,008	\$ -	\$ -	\$ 136,008	\$ -
Beneficial interest agreement	\$ 31,115	\$ -	\$ -	\$ 31,115	\$ -
Liabilities:					
Annuity obligations	\$ 261,088	\$ -	\$ -	\$ 261,088	\$ -

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021 and 2020

NOTE L – FAIR VALUE MEASUREMENTS (CONTINUED)

	Balance at June 30, 2020	Level 1	Level 2	Level 3	NAV
Assets:					
Investments:					
Domestic equities	\$ 69,010,260	\$ 68,385,708	\$ -	\$ 624,552	\$ -
International equities	35,749,521	35,749,521	-	-	-
Fixed income	45,712,278	30,745,198	14,967,080	-	-
Hedge funds	5,366,166	-	-	-	5,366,166
Private equity	8,037,663	-	-	-	8,037,663
Real estate investment funds	1,070,293	-	-	-	1,070,293
Commodity funds	309,169	309,169	-	-	-
Commingled funds	30,614,160	-	-	-	30,614,160
Total investments	<u>\$ 195,869,510</u>	<u>\$ 135,189,596</u>	<u>\$ 14,967,080</u>	<u>\$ 624,552</u>	<u>\$ 45,088,282</u>
Split-interest agreements	<u>\$ 117,279</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,279</u>	<u>\$ -</u>
Beneficial interest agreement	<u>\$ 27,274</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,274</u>	<u>\$ -</u>
Liabilities:					
Annuity obligations	<u>\$ 309,051</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 309,051</u>	<u>\$ -</u>

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021 and 2020

NOTE L – FAIR VALUE MEASUREMENTS (CONTINUED)

	<u>2021</u>	<u>2020</u>
Level 3 Split-Interest Agreements:		
Balance at June 30, 2020	\$ 117,279	\$ 197,105
Change in fair value of split-interest agreements	32,979	(56,076)
Split-interest agreement payments	<u>(14,250)</u>	<u>(23,750)</u>
Balance at June 30, 2021	<u>\$ 136,008</u>	<u>\$ 117,279</u>
Level 3 Beneficial Interest Agreement:		
Balance at June 30, 2020	\$ 27,274	\$ 34,330
Change in fair value of beneficial interest agreement	3,841	(7,056)
Balance at June 30, 2021	<u>\$ 31,115</u>	<u>\$ 27,274</u>
Level 3 Annuity Obligations:		
Balance at June 30, 2020	\$ 309,051	\$ 323,632
Payments made to beneficiaries	<u>(60,836)</u>	<u>(60,836)</u>
Change in fair value of annuity obligations	12,873	46,255
Balance at June 30, 2021	<u>\$ 261,088</u>	<u>\$ 309,051</u>
Level 3 Domestic Equities:	<u>2021</u>	<u>2020</u>
Balance at June 30, 2020	\$ 624,552	\$ 15,000
Purchase of domestic equities	100,000	5,000
Receipt of domestic equities	-	604,552
Sale of domestic equities	<u>(168,112)</u>	<u>-</u>
Balance at June 30, 2021	<u>\$ 556,440</u>	<u>\$ 624,552</u>

Level 2 fixed income and structured investments are measured at fair value with a valuation technique utilizing market prices at the close of the last business day for the statement period, provided by the investment advisors. In addition, Level 2 assets consist of hedge funds, private equities, and real estate funds are measured at fair value with a valuation technique utilizing market prices at the close of the last business day for the statement period, provided by the investment advisors.

Level 3 privately held domestic equities are measured at cost. Split-interest agreements, beneficial interest agreements, and annuity obligations are measured at fair value with a valuation technique utilizing estimated payout percentages, life expectancies, and IRS remainder factors.

The Organization holds investments in certain entities that calculate net asset value per share (or its equivalent). Additionally, the Organization invests in certain illiquid assets as part of its overall investment strategy. The liquidity needs of the investment pools are reviewed periodically to ensure that the Organization maintains adequate liquid investments in order to meet its grantmaking obligations.

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021 and 2020

NOTE L – FAIR VALUE MEASUREMENTS (CONTINUED)

The components of these funds are as follows for hedge fund, private equity, real estate and commingled fund investments as of June 30, 2021:

<u>Investments</u>	<u>NAV</u>	<u>Investment Objective</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Hedge Fund Investments:				
Hedge Funds of Funds	\$ 2,953,248	Diversified Strategies	Quarterly to Annually	45 to 95 days
Hedge Fund	357	Event Driven	Quarterly	70 days
Hedge Fund	2,354,525	Long/Short Equity	Quarterly	50 days
Hedge Fund	1,175,956	Relative Value	Quarterly	97 days
	<u>NAV</u>	<u>Unfunded Commitments</u>	<u>Investment Objective</u>	<u>Term Remaining</u>
Private Equity Investments:				
Limited Partnerships:				
Private Equity Funds of Funds	\$ 818,393	\$ 402,881	Diversified Strategies	6-12 years
Private Equity Funds of Funds	1,503,105	596,795	Buyout / Venture Capital	2-8 years
Private Equity Funds	1,702,143	1,059,304	Leveraged Buyout	1-8 years
Private Equity Funds	799,385	1,221,450	Direct Real Estate	2-8 years
Private Equity Funds	3,752,768	2,395,284	Private Credit	1-8 years
Private Equity Fund	122,440	253,350	Venture Capital	3-5 years
Private Equity Fund	887,969	438,588	Growth Equity	7-9 years
Private Equity Fund	258,446	-	Renewable Energy	3-5 years
	<u>NAV</u>	<u>Investment Objective</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Real Estate Investments:				
Real Estate Funds	\$ 1,120,325	Direct Real Estate	Quarterly	110 days
	<u>NAV</u>	<u>Investment Objective</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Commingled Fund Investments:				
Commingled Funds	\$ 12,377,515	Domestic Equity	Quarterly	45 to 90 days
Commingled Funds	26,698,127	International Equity	Monthly to Semi-annually	4 to 90 days
Commingled Funds	5,647,680	Fixed Income	Monthly	30 to 45 days

There are no unfunded commitments for the hedge fund investments, real estate investments or commingled fund investments.

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021 and 2020

NOTE M – DEFINED CONTRIBUTION PENSION PLANS

The Organization offers both Safe Harbor 401(k) and profit-sharing defined contribution plans covering substantially all employees.

Employees with one-year of service may participate in the 401(k) plan. Under the Safe Harbor 401(k) plan, the Organization shall make a non-elective contribution for each eligible employee equal to 3% of their annual salary. Contributions to the 401(k) plan for the years ended June 30, 2021 and 2020 were \$36,509 and \$25,545, respectively.

Employees with 12-months of service are eligible to receive contributions from the profit-sharing plan. The Organization has full discretion over how and when it makes contributions based on its budget each fiscal year. The vesting schedule for the profit-sharing plan is a 5-year graded vesting schedule. Contributions to the profit-sharing plan for the years ended June 30, 2021 and 2020 were \$61,668 and \$50,222, respectively.

NOTE N – CONCENTRATIONS

During the years ended June 30, 2021 and 2020, the Organization received approximately 24% of its contribution revenue from four donors and approximately 39% of its contribution revenue from two donors, respectively.

NOTE O – LEASE AGREEMENTS (LESSOR)

JFN 4444, LLC has lease agreements with unaffiliated lessees to occupy the JFN 4444, LLC building. The property is leased under noncancelable operating lease agreements that expire through 2027. Most agreements include renewal options for one to five-year terms.

The following is a summary of the building property at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Land	\$ 1,267,310	\$ 1,267,310
Building	<u>482,690</u>	<u>482,690</u>
	1,750,000	1,750,000
Less accumulated depreciation	<u>163,770</u>	<u>129,292</u>
TOTAL BUILDING PROPERTY	<u>\$ 1,586,230</u>	<u>\$ 1,620,708</u>

As of June 30, 2021, future minimum lease receipts under noncancelable operating leases are as follows:

2022	\$ 153,476
2023	157,269
2024	92,463
2025	71,899
2026	71,456
Thereafter	<u>19,656</u>
TOTAL	<u>\$ 566,219</u>

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021 and 2020

NOTE P – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization’s financial assets are considered unavailable when illiquid or not convertible to cash within one year, trust assets, assets held for others, endowments and board designated endowments. Because the Board has variance power, the Board designated endowments may be drawn upon at the discretion of the governing board, but this is not the intention of the Board. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due.

The Organization’s financial assets available for general use expenditures within one year as of June 30, 2021 and 2020, consist of the following:

Financial assets, as of June 30, 2021 and 2020:	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 19,940,875	\$ 22,012,890
Other assets and receivables	4,584,305	2,072,305
Investments	256,855,634	195,869,510
Beneficial interest agreement	31,115	27,274
Split-interest agreements	136,008	117,279
TOTAL FINANCIAL ASSETS	<u>281,547,937</u>	<u>220,099,258</u>
Less those unavailable for general expenditure within one year:		
Investments not convertible to cash within one year	15,592,328	17,088,510
Investments and other financial assets held for others	84,758,289	63,872,289
Investments in board designated endowments	80,826,258	64,121,260
Split/Beneficial interest agreements receivable	167,123	144,553
Pledges receivable (2+ years)	955,223	897,347
TOTAL UNAVAILABLE ASSETS	<u>182,299,221</u>	<u>146,123,959</u>
FINANCIAL ASSETS AVAILABLE WITHIN ONE YEAR TO MEET CASH NEEDS FOR GENERAL EXPENDITURES	<u>\$ 99,248,716</u>	<u>\$ 73,975,299</u>

NOTE Q – SUBSEQUENT EVENTS

Management evaluated all activity of the Organization through December 6, 2021, the date the consolidated financial statements were available to be issued and concluded that no subsequent events have occurred that would require recognition or disclosure in the consolidated financial statements or notes, except as noted below.

Subsequent to June 30, 2021, the Organization’s Board approved the return of assets to one agency resulting in a decrease of total fund assets and liabilities by approximately \$10.2 million.

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC. AND SUBSIDIARIES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2021

<u>Federal Agency/Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-through Grantor</u>	<u>Federal Award Identification #</u>	<u>Federal Disbursements/ Expenditures</u>
<u>FEDERAL AWARDS</u>				
U.S. Department of Treasury				
COVID-19 Coronavirus Relief Fund	21.019	Collier County	Y2265	\$ 5,528,390
COVID-19 Coronavirus Local Fiscal Recovery Fund	21.027	Collier County	SLT - 1155	2,281,693
		TOTAL FEDERAL AWARDS		<u>\$ 7,810,083</u>

See accompanying notes to the schedule of expenditures of federal awards

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC. AND SUBSIDIARIES

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2021

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Community Foundation of Collier County, Inc. and Subsidiaries (the "Organization") under programs of the federal government for the year ended June 30, 2021. Expenditures reported on the Schedule are reported on the same basis of accounting as the consolidated financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic consolidated financial statements.

Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the consolidated financial position, changes in net assets, or cash flows, if applicable, of the Organization.

NOTE B - 10-PERCENT DE MINIMIS ELECTION

The Organization has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.



December 6, 2021

Board of Directors and Members of
Community Foundation of Collier County, Inc.
and Subsidiaries
Naples, Florida

**Independent Auditor’s Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Community Foundation of Collier County, Inc. and Subsidiaries (the “Organization”), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities and changes in net assets, programs and supporting services and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 6, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization’s consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hill, Barth & King LLC

Certified Public Accountants



December 6, 2021

Board of Directors and Members of
Community Foundation of Collier County, Inc.
and Subsidiaries
Naples, Florida

**Independent Auditor's Report on Compliance for each Major Program
and on Internal Control over Compliance Required by the Uniform Guidance**

Report on Compliance for Each Major Federal Program

We have audited Community Foundation of Collier County, Inc. and Subsidiaries' (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2021. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Hill, Barth & King LLC

Certified Public Accountants

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC. AND SUBSIDIARIES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2021

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Consolidated Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? No

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? No

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program</u>
21.019	COVID-19 Coronavirus Relief Fund
21.027	COVID-19 Coronavirus Local Fiscal Recovery Fund

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee? No

SECTION II - CONSOLIDATED FINANCIAL STATEMENT AUDIT FINDINGS

None reported

SECTION III - FEDERAL PROGRAM AUDIT FINDINGS

None reported