COMMUNITY FOUNDATION OF COLLIER COUNTY, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

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CONTENTS

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November 21, 2022

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

Independent Auditor's Report

Opinion

We have audited the accompanying financial statements of Community Foundation of Collier County, Inc. and Subsidiaries (the Organization) which comprise the statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities and changes in net assets, program and supporting services, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Community Foundation of Collier County, Inc. and Subsidiaries as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 opinions.

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 Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 Organization'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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the 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 schedule of expenditures of federal awards 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 November 21, 2022, 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. internal control over financial reporting and compliance.

Hill, Barth & King LLC

Certified Public Accountants

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2022 and 2021

	2022	2021
ASSETS		
Cash and cash equivalents	**$ 27,007,001**	$ 19,940,875
Accrued interest receivable	**334,083**	247,480
Investments	**215,960,317**	256,855,634
Other receivables	**565,022**	2,317,893
Pledges receivable, net	**1,339,840**	1,964,920
Split-interest agreements	**162,040**	136,008
Beneficial interest agreement	**28,178**	31,115
Property and equipment, net	**1,880,177**	3,558,212
Other assets	**80,511**	54,012
TOTAL ASSETS	**$ 247,357,169**	$ 285,106,149
LIABILITIES AND NET ASSETS		
LIABILITIES		
Loans payable	**$ -**	$ 246,800
Grants and scholarships payable	**3,863,538**	749,550
Payables and accrued expenses	**160,018**	189,215
Funds held for agencies	**69,683,977**	83,311,636
Annuity obligations	**-**	261,088
TOTAL LIABILITIES	**73,707,533**	84,758,289
NET ASSETS		
Without donor restrictions:		
Undesignated	**96,470,273**	113,523,032
Designated by the board for endowment	**72,857,423**	80,826,258
Designated by the board for operating	**2,165,660**	2,231,409
Invested in property and equipment	**1,966,062**	3,600,038
TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS	**173,459,418**	200,180,737
NET ASSETS WITH DONOR RESTRICTIONS	**190,218**	167,123
TOTAL NET ASSETS	**173,649,636**	200,347,860
TOTAL LIABILITIES AND NET ASSETS	**$ 247,357,169**	$ 285,106,149

See accompanying notes to consolidated financial statements

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Years ended June 30, 2022 and 2021

	2022			2021		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUES						
Contributions	**$ 31,199,407**	**$ -**	**$ 31,199,407**	$ 26,554,333	$ -	$ 26,554,333
Interest and dividend income, net	**3,824,574**	**-**	**3,824,574**	4,143,325	19	4,143,344
Realized net gains on investments	**3,473,662**	**-**	**3,473,662**	3,415,678	-	3,415,678
Unrealized net (losses) gains on investments	**(32,271,841)**	**-**	**(32,271,841)**	34,790,890	-	34,790,890
Administrative fees - agency funds	**213,544**	**-**	**213,544**	201,328	-	201,328
Miscellaneous income	**33,154**	**-**	**33,154**	35,349	-	35,349
PPP debt forgiveness	**246,800**	**-**	**246,800**	219,460	-	219,460
TOTAL SUPPORT AND REVENUES	**6,719,300**	**-**	**6,719,300**	69,360,363	19	69,360,382
EXPENSES						
Program services:						
Grants and program expenses	**31,238,203**	**-**	**31,238,203**	26,694,755	-	26,694,755
Women's Foundation of Collier County	**150,320**	**-**	**150,320**	98,040	-	98,040
Donor services program	**372,738**	**-**	**372,738**	413,214	-	413,214
Unrestricted grants program	**655,478**	**-**	**655,478**	627,654	-	627,654
TOTAL PROGRAM SERVICES	**32,416,739**	**-**	**32,416,739**	27,833,663	-	27,833,663
Supporting services:						
Development	**828,011**	**-**	**828,011**	423,823	-	423,823
Management and general	**786,109**	**-**	**786,109**	702,352	-	702,352
TOTAL SUPPORTING SERVICES	**1,614,120**	**-**	**1,614,120**	1,126,175	-	1,126,175
TOTAL EXPENSES	**34,030,859**	**-**	**34,030,859**	28,959,838	-	28,959,838
Change in value of beneficial interest agreement	**-**	**(2,937)**	**(2,937)**	-	3,840	3,840
Change in value of split - interest agreements and annuity obligations	**(37,259)**	**40,282**	**3,023**	(12,873)	32,980	20,107
Net assets released from restrictions	**14,250**	**(14,250)**	**-**	26,159	(26,159)	-
CHANGES IN NET ASSETS BEFORE LLC ACTIVITY	**(27,334,568)**	**23,095**	**(27,311,473)**	40,413,811	10,680	40,424,491
LLC Net Profit	**613,249**	**-**	**613,249**	31,875	-	31,875
CHANGES IN NET ASSETS	**(26,721,319)**	**23,095**	**(26,698,224)**	40,445,686	10,680	40,456,366
NET ASSETS						
Beginning of year	**200,180,737**	**167,123**	**200,347,860**	159,735,051	156,443	159,891,494
End of year	**$ 173,459,418**	**$ 190,218**	**$ 173,649,636**	$200,180,737	$ 167,123	$ 200,347,860

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, 2022

	PROGRAM SERVICES				SUPPORTING SERVICES		TOTAL
	GRANTS AND PROGRAM EXPENSES	WOMEN'S FOUNDATION OF COLLIER COUNTY	DONOR SERVICES PROGRAM	UNRESTRICTED GRANTS PROGRAM	DEVELOPMENT	MANAGEMENT AND GENERAL	**2022**
Grants and scholarships	$ 31,166,477	$ -	$ -	$ -	$ -	$ -	**$ 31,166,477**
Salaries and benefits	-	112,612	314,572	531,653	360,142	470,818	**1,789,797**
Rent and CAM	-	-	7,092	11,294	7,085	9,543	**35,014**
Professional services	10,996	22,058	23,519	63,480	66,213	152,654	**338,920**
Office expense	-	1,731	21,112	32,464	36,688	39,506	**131,501**
Printing and publications	-	12,072	-	-	68,975	-	**81,047**
Special Events	-	-	-	-	183,895	-	**183,895**
Advertising	1,300	-	-	40	77,677	-	**79,017**
Dues and subscriptions	-	1,473	2,315	8,465	7,533	12,190	**31,976**
Program Expenses	59,061	-	-	-	-	-	**59,061**
Conferences and meetings	369	374	4,128	8,082	19,803	6,096	**38,852**
Depreciation	-	-	-	-	-	95,302	**95,302**
TOTAL	$ 31,238,203	$ 150,320	$ 372,738	$ 655,478	$ 828,011	$ 786,109	**$ 34,030,859**

See accompanying notes to consolidated financial statements

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PROGRAM AND SUPPORTING SERVICES (CONTINUED)

Year ended June 30, 2021

	PROGRAM SERVICES				**SUPPORTING SERVICES**		TOTAL
	GRANTS AND PROGRAM EXPENSES	WOMEN'S FOUNDATION OF COLLIER COUNTY	DONOR SERVICES PROGRAM	UNRESTRICTED GRANTS PROGRAM	DEVELOPMENT	MANAGEMENT AND GENERAL	2021
Grants and scholarships	$ 26,694,755	$ -	$ -	$ -	$ -	$ -	$ 26,694,755
Salaries and benefits	-	67,134	331,469	520,880	284,116	441,959	1,645,558
Rent and CAM	-	-	7,187	11,293	6,160	9,582	34,222
Professional services	-	18,217	38,885	61,106	34,726	90,810	243,744
Office expense	-	5,663	20,340	31,963	19,616	50,533	128,115
Printing and publications	-	4,432	-	-	41,394	-	45,826
Special Events	-	-	-	-	-	-	-
Advertising	-	1,000	13,799	-	23,601	-	38,400
Dues and subscriptions	-	1,128	-	-	12,894	12,895	26,917
Program Expenses	-	-	-	-	-	-	-
Conferences and meetings	-	466	1,534	2,412	1,316	2,046	7,774
Depreciation	-	-	-	-	-	94,527	94,527
TOTAL	$ 26,694,755	$ 98,040	$ 413,214	$ 627,654	$ 423,823	$ 702,352	$ 28,959,838

See accompanying notes to consolidated financial statements

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended June 30, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions	**$ 23,561,037**	$ 14,898,177
Cash received from contributed securities	**8,742,172**	8,648,111
Cash received from interest and dividends	**5,897,342**	6,003,848
Cash received from agency transactions	**(4,118,028)**	3,168,279
Cash paid for grants and program expenses	**(28,124,214)**	(26,113,659)
Cash paid for other expenses	**(3,658,255)**	(2,794,792)
Other cash receipts	**324,760**	400,079
NET CASH PROVIDED BY OPERATING ACTIVITIES	**2,624,814**	4,210,043
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	**54,429,547**	38,599,012
Purchase of investments	**(51,900,641)**	(45,058,592)
Proceeds from sale of property and equipment	**2,200,000**	-
Purchase of property and equipment	**(3,497)**	(22,691)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	**4,725,409**	(6,482,271)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program	**-**	246,800
Payments to beneficiaries of annuity obligations	**(59,782)**	(60,837)
Transfer of remaining annuity obligations	**(238,565)**	-
Proceeds from split-interest agreements	**14,250**	14,250
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**(284,097)**	200,213
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**7,066,126**	(2,072,015)
CASH AND CASH EQUIVALENTS		
Beginning of year	**19,940,875**	22,012,890
End of year	**$ 27,007,001**	$ 19,940,875

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, 2022 and 2021

	2022	2021
RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Changes in net assets	**$ (26,698,224)**	$ 40,456,366
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Gain on sale of investments	**(10,194,859)**	(4,502,499)
Net (appreciation) depreciation in fair value of investments	**49,808,519**	(49,774,250)
Change in present value discount of pledges receivable	**(29,970)**	86,926
(Gain) Loss on disposal of assets	**(630,206)**	-
Depreciation	**111,738**	129,005
Change in value of split-interest agreements and annuity obligations	**(3,023)**	(20,107)
Change in value of beneficial interest agreement	**2,937**	(3,841)
Contributed securities	**7,494,923**	8,398,316
Sale of contributed securities	**(8,742,172)**	(8,648,111)
Paycheck Protection Program debt forgiveness	**(246,800)**	(219,460)
(Increase) decrease in assets:		
Accrued interest receivable	**(86,603)**	(7,757)
Other receivables	**1,752,871**	(2,291,063)
Pledges receivable	**655,050**	(459,333)
Other assets	**(26,499)**	159,229
Increase (decrease) in liabilities:		
Grants and scholarships payable	**3,113,988**	566,278
Payables and accrued expenses	**(29,197)**	(92,220)
Funds held for agencies	**(13,627,659)**	20,432,564
NET CASH PROVIDED BY OPERATING ACTIVITIES	**$ 2,624,814**	$ 4,210,043

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 and was sold in December of 2021.

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.

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.

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, 2022 is $25,500,443.

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.

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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2022 and 2021, the Organization held 195 and 183 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 was obligated under charitable gift annuity agreements. On June 23, 2022, the Organization entered into an agreement with Charitable Gift America in which, upon the transfer of the assets and the administration of the Organization's charitable gift annuity agreements, Charitable Gift America would assume all liabilities and obligations associated with the Organization's annuity program and be responsible for administering all aspects of the program.

As of June 30, 2022, the Organization transferred $238,585 of assets, including the liability and contracts, to Charitable Gift America. Prior to the transfer, the Organization was obligated in the charitable gift annuity agreements. The obligations were calculated based on actuarial assumptions and the fair value 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 the changes in actuarial assumptions and accretions of the discount are recorded as increases or decreases in the value of the annuity obligation in the consolidated statement of activities and changes in net assets.

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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions (Continued):

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:

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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued):
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, 2022 and 2021, 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.

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, 2022 and 2021, are composed of the following:

	2022		2021	
	Cost	**Fair Value**	Cost	Fair Value
Domestic equities	**$ 68,648,232**	**$ 79,044,334**	$ 59,682,674	$ 92,921,954
International equities	**36,725,113**	**35,928,913**	40,375,314	51,228,626
Fixed income	**51,396,987**	**47,251,826**	47,978,747	50,082,173
Commingled funds	**31,611,552**	**33,661,082**	33,183,260	44,723,322
Hedge funds	**4,484,811**	**6,832,977**	3,485,064	6,484,086
Private equity	**14,746,231**	**11,272,165**	14,007,841	9,844,649
Real estate investment funds	**825,000**	**1,497,829**	825,000	1,120,325
Commodity funds	**501,437**	**471,191**	488,261	450,499
TOTAL INVESTMENTS	**$208,939,363**	**$215,960,317**	$ 200,026,161	$ 256,855,634

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, 2022 and 2021.

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.

NOTE B – INVESTMENTS (CONTINUED)

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

	Cost	Market Value	Excess of Fair Value Over Cost
Balance - June 30, 2021	**$200,026,161**	**$256,855,634**	**$ 56,829,473**
Balance - June 30, 2022	**208,939,363**	**215,960,317**	**7,020,954**
Decrease in unrealized appreciation			**(49,808,519)**
Net realized gain on investments			**10,194,859**
		TOTAL	**$ (39,613,660)**

	Cost	Market Value	Excess of Fair Value Over Cost
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	$ 54,276,749

NOTE B – INVESTMENTS (CONTINUED)

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

	2022 Without Donor Restrictions	**2022** With Donor Restrictions	**2022** Total
Dividend and interest income	**$ 5,983,946**	**$ -**	**$ 5,983,946**
Gain on sale of investments	**10,194,859**	**-**	**10,194,859**
Investment fees	**(853,521)**	**-**	**(853,521)**
Net change in fair value of investments	**(49,808,519)**	**-**	**(49,808,519)**
Plus: investment loss allocated to agency funds	**9,509,631**	**-**	**9,509,631**
NET INVESTMENT RETURN	**$ (24,973,604)**	**$ -**	**$ (24,973,604)**

	2021 Without Donor Restrictions	2021 With Donor Restrictions	2021 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	$ 42,340,657	$ 19	$ 42,340,676

NOTE C – PLEDGES RECEIVABLE

Pledges receivable as of June 30, 2022 and 2021 consist of and are expected to be collected as follows:

	2022	2021
Pledges	**$ 1,347,850**	$ 2,002,900
Less: discount to net present value	**(8,010)**	(37,980)
TOTAL PLEDGES RECEIVABLE	**$ 1,339,840**	$ 1,964,920
Less than one year	**$ 867,558**	$ 1,009,697
One to five years	**472,282**	955,223
TOTAL PLEDGES RECEIVABLE	**$ 1,339,840**	$ 1,964,920

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 $162,040 and $136,008 has been recorded, as of June 30, 2022 and 2021, respectively, at the present value of the estimated future benefits to be received once the assets are distributed, using a discount rate of 3.6% and 1.2%, 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, 2022 and 2021, consists of the following:

	2022	2021
Land	**$ -**	$ 1,267,310
Building	**2,208,386**	2,691,076
Office equipment	**258,076**	254,580
	2,466,462	4,212,966
Less accumulated depreciation	**586,285**	654,754
NET PROPERTY AND EQUIPMENT	**$ 1,880,177**	$ 3,558,212

Depreciation expense of $95,302 and $94,527 was charged to management and general expense for the years ended June 30, 2022 and 2021, respectively. Depreciation expense of $16,436 and $34,478 was charged to JFN 4444, LLC operations for the years ended June 30, 2022 and 2021, respectively.

NOTE F – LOANS PAYABLE

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

	2022	2021
SBA Paycheck Protection Program note payable to financial institution stated interest rate 1%, maturing February 2026	**$ -**	$ 246,800
	$ -	$ 246,800

On February 2, 2021, the Organization received loan proceeds in the amount of $246,800 under the Small Business Administration ("SBA") Paycheck Protection Program ("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. On November 21, 2021, the Organization received notice that the loan was forgiven by the SBA.

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, 2022, grants and scholarships payable for the next four years are as follows:

2023	$ 2,670,388
2024	749,900
2025	303,250
2026	140,000
	$ 3,863,538

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, 2022 and 2021, of $0 and $261,088, respectively, represent the present value of future cash flows expected to be paid to the donors. During the years ended June 30, 2022 and 2021, the Organization did not enter into any new annuity agreement obligations. Payments to beneficiaries for the years ended June 30, 2022 and 2021 totaled $59,782 and $60,837, respectively.

NOTE I – BOARD-DESIGNATED ENDOWMENT FUNDS

Endowment as of June 30, 2022 and 2021 consists of board-designated endowment funds as follows:

	2022	2021
Designated for specific nonprofits	**$ 24,030,361**	$ 26,937,177
Designated for grant making	**28,607,448**	32,751,022
Administrative and program endowment	**1,467,360**	1,724,797
Scholarship	**6,422,283**	9,344,061
Field of interest	**12,329,971**	10,069,201
TOTAL BOARD DESIGNATED ENDOWMENT FUNDS	**$ 72,857,423**	$ 80,826,258

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.

NOTE I – BOARD-DESIGNATED ENDOWMENT FUNDS (CONTINUED)

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.

Board-designated endowment net asset composition as of June 30, 2022 and 2021 and during the years then ended is as follows:

	2022	2021
Endowment net assets - Beginning of year	**$ 80,826,258**	$ 64,121,260
Investment return:		
Investment income	**1,462,024**	1,325,059
Investment expenses	**(331,405)**	(236,883)
Net appreciation (depreciation)	**(10,842,876)**	14,884,088
Total investment return	**(9,712,257)**	15,972,264
Contributions	**22,671,669**	23,336,030
Amounts appropriated for expenditures	**(20,928,247)**	(22,603,296)
Endowment net assets - End of year	**$ 72,857,423**	$ 80,826,258

NOTE J – NET ASSETS WITH DONOR RESTRICTIONS

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

	2022	2021
Time restricted - split interest agreements	**$ 162,040**	$ 136,008
Time restricted - beneficial interest agreement	**28,178**	31,115
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	**$ 190,218**	$ 167,123

NOTE K – NET ASSETS RELEASED FROM RESTRICTIONS

During the years ended June 30, 2022 and 2021, the Organization released the following amounts from net assets with donor restrictions upon satisfying the terms of restriction:

	2022	2021
Campaigns and projects	**$ -**	$ 11,909
Split interest	**14,250**	14,250
TOTAL RELEASED FROM DONOR RESTRICTIONS	**$ 14,250**	$ 26,159

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, 2022 and 2021:

	Balance at June 30, 2022	**Level 1**	**Level 2**	**Level 3**	**NAV**
Assets:					
Investments:					
Domestic equities	**$ 79,044,334**	**$ 78,924,334**	**$ -**	**$ 120,000**	**$ -**
International equities	**35,928,913**	**35,928,913**	**-**	**-**	**-**
Fixed income	**47,251,826**	**35,886,338**	**11,365,488**	**-**	**-**
Hedge funds	**6,832,977**	**-**	**-**	**-**	**6,832,977**
Private equity	**11,272,165**	**-**	**-**	**-**	**11,272,165**
Real estate investment funds	**1,497,829**	**-**	**-**	**-**	**1,497,829**
Commodity funds	**471,191**	**471,191**	**-**	**-**	**-**
Commingled funds	**33,661,082**	**-**	**-**	**-**	**33,661,082**
Total investments	**$215,960,317**	**$151,210,776**	**$ 11,365,488**	**$ 120,000**	**$ 53,264,053**
Split-interest agreements	**$ 162,040**	**$ -**	**$ -**	**$ 162,040**	**$ -**
Beneficial interest agreement	**$ 28,178**	**$ -**	**$ -**	**$ 28,178**	**$ -**

	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	$ 256,855,634	$ 177,489,387	$ 16,186,925	$ 556,440	$ 62,172,382
Split-interest agreements	$ 136,008	$ -	$ -	$ 136,008	$ -
Beneficial interest agreement	$ 31,115	$ -	$ -	$ 31,115	$ -
Liabilities:					
Annuity obligations	$ 261,088	$ -	$ -	$ 261,088	$ -

NOTE L – FAIR VALUE MEASUREMENTS (CONTINUED)

Level 3 Split-Interest Agreements:	**2022**	2021
Balance at June 30, 2021	**$ 136,008**	$ 117,279
Change in fair value of split-interest agreements	**40,282**	32,979
Split-interest agreement payments	**(14,250)**	(14,250)
Balance at June 30, 2022	**$ 162,040**	$ 136,008
Level 3 Beneficial Interest Agreement:		
Balance at June 30, 2021	**$ 31,115**	$ 27,274
Change in fair value of beneficial interest agreement	**(2,937)**	3,841
Balance at June 30, 2022	**$ 28,178**	$ 31,115
Level 3 Annuity Obligations:		
Balance at June 30, 2021	**$ 261,088**	$ 309,051
Payments made to beneficiaries	**(59,782)**	(60,836)
Change in fair value of annuity obligations	**37,259**	12,873
Transfer anuity obligation	**(238,565)**	0
Balance at June 30, 2022	**$ -**	$ 261,088

Level 3 Domestic Equities:	**2022**	2021
Balance at June 30, 2021	**$ 556,440**	$ 624,552
Purchase of domestic equities	**-**	100,000
Sale of domestic equities	**-**	(168,112)
Transfer to level 1 domestic equities	**(436,440)**	-
Balance at June 30, 2022	**$ 120,000**	$ 556,440

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.

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, 2022:

Investments	NAV	Investment Objective	Redemption Frequency	Redemption Notice Period
Hedge Fund Investments:				
Hedge Funds of Funds	$ 2,713,477	Diversified Strategies	Quarterly to Annually	45 to 95 days
Hedge Fund	986,768	Private Credit	Quarterly	30 days
Hedge Fund	1,903,641	Long/Short Equity	Quarterly	50 days
Hedge Fund	1,229,091	Relative Value	Quarterly	97 days

	NAV	Unfunded Commitments	Investment Objective	Term Remaining
Private Equity Investments:				
Limited Partnerships:				
Private Equity Funds of Funds	$ 832,466	$ 348,306	Diversified Strategies	5-11 years
Private Equity Funds of Funds	2,139,735	1,372,230	Buyout / Venture Capital	1-15 years
Private Equity Funds	1,421,492	1,008,274	Leveraged Buyout	1-7 years
Private Equity Funds	880,720	1,108,612	Direct Real Estate	1-7 years
Private Equity Funds	4,204,505	1,050,993	Private Credit	1-7 years
Private Equity Fund	283,912	1,456,528	Venture Capital	2-13 years
Private Equity Fund	1,244,123	910,930	Growth Equity	6-13 years
Private Equity Fund	265,212	-	Renewable Energy	2-4 years

	NAV	Investment Objective	Redemption Frequency	Redemption Notice Period
Real Estate Investments:				
Real Estate Funds	$ 1,497,829	Direct Real Estate	Quarterly	110 days

	NAV	Investment Objective	Redemption Frequency	Redemption Notice Period
Commingled Fund Investments:				
Commingled Funds	$ 9,776,121	Domestic Equity	Quarterly	45 to 90 days
Commingled Funds	19,034,034	International Equity	Monthly to Semi-annually	4 to 90 days
Commingled Funds	4,850,927	Fixed Income	Monthly	30 to 45 days

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

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, 2022 and 2021 were $36,074 and $36,509, 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, 2022 and 2021 were $74,153 and $61,668, respectively.

NOTE N – LEASE AGREEMENTS (LESSOR)

JFN 4444, LLC had lease agreements with unaffiliated lessees to occupy the JFN 4444, LLC building. The property was leased under noncancelable operating lease agreements that expired through 2027. Most agreements included renewal options for one to five-year terms. Lease receipts under noncancelable operating leases for the year ended June 30, 2022 and 2021 were $76,821 and $126,011, respectively.

The JFN 4444, LLC building was sold on January 21, 2021, for $2,200,000. A gain of $630,206 was recognized by the Organization as of June 30, 2022. The Organization will not receive future lease receipts for the property.

The following is a summary of the building property at June 30, 2022 and 2021:

	2022	2021
Land	**$ -**	$ 1,267,310
Building	**-**	482,690
	-	1,750,000
Less accumulated depreciation	**-**	163,770
TOTAL BUILDING PROPERTY	**$ -**	$ 1,586,230

NOTE O – 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, 2022 and 2021, consist of the following:

Financial assets, as of June 30, 2022 and 2021:	**2022**	2021
Cash and cash equivalents	**$ 27,007,001**	$ 19,940,875
Other assets and receivables	**2,319,456**	4,584,305
Investments	**215,960,317**	256,855,634
Beneficial interest agreement	**28,178**	31,115
Split-interest agreements	**162,040**	136,008
TOTAL FINANCIAL ASSETS	**245,476,992**	281,547,937
Less those unavailable for general expenditure within one year:		
Investments not convertible to cash within one year	**8,339,947**	15,592,328
Investments and other financial assets held for others	**73,707,533**	84,758,289
Investments in board designated endowments	**72,857,423**	80,826,258
Split/Beneficial interest agreements receivable	**190,218**	167,123
Pledges receivable (2+ years)	**472,282**	955,223
TOTAL UNAVAILABLE ASSETS	**155,567,403**	182,299,221
FINANCIAL ASSETS AVAILABLE WITHIN ONE YEAR TO MEET CASH NEEDS FOR GENERAL EXPENDITURES	**$ 89,909,589**	$ 99,248,716

NOTE P – SUBSEQUENT EVENTS

Management evaluated all activity of the Organization through November 21, 2022, 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, 2022, the Organization's Board approved the return of assets to one agency resulting in a decrease of total fund assets and liabilities by approximately $20.3 million.

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC. AND SUBSIDIARIES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2022

Federal Agency/Program Title	Assistance Listing Number	Pass-through Grantor	Federal Award Identification #	Total Federal Expenditures ($)
FEDERAL AWARDS				
U.S. Department of Treasury				
COVID-19 Coronavirus Local Fiscal Recovery Fund	21.027	Collier County	SLT - 1155	$ 2,833,307
		TOTAL FEDERAL AWARDS		$ 2,833,307

See accompanying notes to the schedule of expenditures of federal awards

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Community Foundation of Collier County, Inc. and Subsidiaries (the "Organization") under programs of the federal government for the year ended June 30, 2022. The information in this Schedule 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* (the "Uniform Guidance"). 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 of the Organization.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE C – INDIRECT COST RATE

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

November 21, 2022

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, 2022, 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 November 21, 2022.

Report on 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.

HILL, BARTH & KING LLC | 3838 TAMIAMI TRAIL NORTH, SUITE 200 NAPLES, FLORIDA 34103 | TEL 239-263-2111 FAX 239-263-0496 | HBKCPA.COM

Report on 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

November 21, 2022

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

Opinion on Each Major Federal Program

We have audited Community Foundation of Collier County, Inc. and Subsidiaries' (the "Organization") compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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, 2022

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 federal program(s):

Assistance Listing Number	Name of Federal Program or Cluster
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 - FINDINGS RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS TO BE REPORTED IN ACCORDANCE WITH GAGAS

None reported

SECTION III - FINDINGS AND QUESTIONED COSTS FOR MAJOR FEDERAL AWARD PROGRAM

None reported

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

None reported