

**THE COMMUNITY FOUNDATION OF  
NORTH FLORIDA, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2023 AND 2022**

**THE COMMUNITY FOUNDATION OF NORTH FLORIDA, INC.**  
**TABLE OF CONTENTS**  
**DECEMBER 31, 2023 AND 2022**

	<u>Page(s)</u>
<b>Independent Auditors' Report</b>	1 – 2
<b>Financial Statements</b>	
Statements of Financial Position	3
Statements of Activities	4 – 5
Statements of Functional Expenses	6 – 7
Statements of Cash Flows	8
Notes to Financial Statements	9 – 18



## INDEPENDENT AUDITORS' REPORT

Board of Directors,  
The Community Foundation of North Florida, Inc.:

### ***Opinion***

We have audited the accompanying financial statements of the Community Foundation of North Florida, Inc. (the Foundation), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2023 and 2022, 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these 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 Foundation's ability to continue as a going concern for one year after the date that the financial statements are issued.

### ***Auditors' Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

*James Moore & Co., P.L.*

Tallahassee, Florida  
May 22, 2024

**THE COMMUNITY FOUNDATION OF NORTH FLORIDA, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 4,128,384	\$ 2,729,031
Investments	92,037,958	85,660,469
Prepaid expenses	20,879	24,808
Accounts receivable	-	160
Beneficial interest in charitable remainder trust	432,751	278,982
Property and equipment, net	10,026	6,023
Beneficial interest in life insurance policies	36,751	34,427
Investments held on behalf of others	7,422,484	6,808,893
Investments restricted for endowment purposes	1,130,644	1,042,669
<b>Total assets</b>	<b>\$ 105,219,877</b>	<b>\$ 96,585,462</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>Liabilities</b>		
Accounts payable	\$ 853	\$ 2,145
Agency funds held for others	7,422,484	6,808,893
Total liabilities	7,423,337	6,811,038
<b>Net Assets</b>		
Without donor restrictions		
Designated by Board for operating reserve	872,557	833,520
Undesignated	95,057,553	87,619,253
Total without donor restrictions	95,930,110	88,452,773
With donor restrictions		
Time-restricted	432,751	278,982
Purpose-restricted	303,035	-
Perpetual in nature	1,130,644	1,042,669
Total with donor restrictions	1,866,430	1,321,651
Total net assets	97,796,540	89,774,424
<b>Total liabilities and net assets</b>	<b>\$ 105,219,877</b>	<b>\$ 96,585,462</b>

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

**THE COMMUNITY FOUNDATION OF NORTH FLORIDA, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and revenue</b>			
Investment return (loss), net	\$ 9,152,952	\$ 241,744	\$ 9,394,696
Contributions	3,077,042	350,208	3,427,250
Administrative fees, net	107,256	-	107,256
Other	3,524	-	3,524
Net assets released from restrictions:			
Restricted funds expended	47,173	(47,173)	-
Total support and revenue	<u>12,387,947</u>	<u>544,779</u>	<u>12,932,726</u>
<b>Expenses</b>			
Program services:			
Grants and scholarships	4,291,334	-	4,291,334
Other program expenses	426,607	-	426,607
Total program services	<u>4,717,941</u>	<u>-</u>	<u>4,717,941</u>
Supporting services:			
General and administrative	170,146	-	170,146
Fundraising	22,523	-	22,523
Total supporting services	<u>192,669</u>	<u>-</u>	<u>192,669</u>
Total expenses	<u>4,910,610</u>	<u>-</u>	<u>4,910,610</u>
<b>Change in net assets</b>	<u>7,477,337</u>	<u>544,779</u>	<u>8,022,116</u>
<b>Net assets, beginning of year</b>	88,452,773	1,321,651	89,774,424
<b>Net assets, end of year</b>	<u>\$ 95,930,110</u>	<u>\$ 1,866,430</u>	<u>\$ 97,796,540</u>

The accompanying notes to financial statements  
are an integral part of this statement.

**THE COMMUNITY FOUNDATION OF NORTH FLORIDA, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and revenue</b>			
Investment return (loss), net	\$ (10,112,676)	\$ (441,834)	\$ (10,554,510)
Contributions	3,441,753	-	3,441,753
Administrative fees, net	110,523	-	110,523
Other	2,291	-	2,291
Total support and revenue	(6,558,109)	(441,834)	(6,999,943)
<b>Expenses</b>			
Program services:			
Grants and scholarships	4,110,866	-	4,110,866
Other program expenses	437,387	-	437,387
Total program services	4,548,253	-	4,548,253
Supporting services:			
General and administrative	171,719	-	171,719
Fundraising	27,635	-	27,635
Total supporting services	199,354	-	199,354
Total expenses	4,747,607	-	4,747,607
<b>Change in net assets</b>	(11,305,716)	(441,834)	(11,747,550)
<b>Net assets, beginning of year</b>	99,758,489	1,763,485	101,521,974
<b>Net assets, end of year</b>	\$ 88,452,773	\$ 1,321,651	\$ 89,774,424

The accompanying notes to financial statements  
are an integral part of this statement.

**THE COMMUNITY FOUNDATION OF NORTH FLORIDA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

<u>Expenses</u>	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>General and Administrative</u>	<u>Fundraising</u>	
Grants to charitable organizations	\$ 4,291,334	\$ -	\$ -	\$ 4,291,334
Payroll	304,510	90,957	-	395,467
Office lease	54,211	16,193	-	70,404
Depreciation	-	5,196	-	5,196
Donor development	-	-	20,223	20,223
Software lease	37,368	11,162	-	48,530
Professional fees	-	27,340	-	27,340
Membership dues	9,044	2,701	-	11,745
Insurance	8,354	2,495	-	10,849
Telephone and internet	4,481	1,338	-	5,819
Seminar and meeting	3,636	1,086	-	4,722
Office	4,166	1,245	-	5,411
Printing and publication	-	-	2,300	2,300
Postage and delivery	837	250	-	1,087
Board meetings	-	7,582	-	7,582
Licenses and filing fees	-	559	-	559
Miscellaneous	-	2,042	-	2,042
<b>Totals</b>	<u>\$ 4,717,941</u>	<u>\$ 170,146</u>	<u>\$ 22,523</u>	<u>\$ 4,910,610</u>

The accompanying notes to financial statements  
are an integral part of this statement.



**THE COMMUNITY FOUNDATION OF NORTH FLORIDA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

<u>Expenses</u>	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>General and Administrative</u>	<u>Fundraising</u>	
Grants to charitable organizations	\$ 4,110,866	\$ -	\$ -	\$ 4,110,866
Payroll	337,892	100,929	-	438,821
Office lease	53,148	15,876	-	69,024
Depreciation	-	9,133	-	9,133
Donor development	-	-	24,803	24,803
Software lease	15,609	4,662	-	20,271
Professional fees	-	25,079	-	25,079
Membership dues	10,326	3,084	-	13,410
Insurance	6,496	1,940	-	8,436
Telephone and internet	5,736	1,713	-	7,449
Seminar and meeting	5,036	1,504	-	6,540
Office	2,407	719	-	3,126
Printing and publication	-	-	2,832	2,832
Postage and delivery	737	220	-	957
Board meetings	-	4,829	-	4,829
Licenses and filing fees	-	559	-	559
Miscellaneous	-	1,472	-	1,472
<b>Totals</b>	<u>\$ 4,548,253</u>	<u>\$ 171,719</u>	<u>\$ 27,635</u>	<u>\$ 4,747,607</u>

The accompanying notes to financial statements  
are an integral part of this statement.

**THE COMMUNITY FOUNDATION OF NORTH FLORIDA, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 8,022,116	\$ (11,747,550)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	5,196	9,133
Donated securities	(1,324,051)	(695,528)
Loss (gain) on investments	(8,815,027)	10,159,142
Change in:		
Prepaid expenses	3,929	(18,711)
Accounts receivable	160	(112)
Promises to give	-	8,300
Cash value of life insurance	(2,324)	(2,291)
Accounts payable	(1,292)	1,088
Agency funds held for others	(237,914)	(361,479)
Net cash provided (used) by operating activities	(2,349,207)	(2,648,008)
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	58,558,489	47,747,730
Purchases of investments	(54,800,730)	(45,708,019)
Purchases of property and equipment	(9,199)	-
Net cash provided (used) by investing activities	3,748,560	2,039,711
<b>Net increase (decrease) in cash and cash equivalents</b>	1,399,353	(608,297)
<b>Cash and cash equivalents, beginning of year</b>	2,729,031	3,337,328
<b>Cash and cash equivalents, end of year</b>	<b>\$ 4,128,384</b>	<b>\$ 2,729,031</b>

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

**THE COMMUNITY FOUNDATION OF NORTH FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(1) **Summary of Significant Accounting Policies:**

The following is a summary of the significant accounting policies and practices of the Community Foundation of North Florida, Inc. (the Foundation), which affect the accompanying financial statements:

(a) **Nature of operations**—The Foundation is a nonprofit corporation organized in the State of Florida on March 20, 1997, and located in Tallahassee, Florida that promotes and facilitates long-term charitable giving. The Foundation is committed to enhancing the well-being of the community and serving the general charitable, educational, and scientific needs of the people of North Florida through the issuance of Board of Director approved grants to qualified local charities.

(b) **Financial statement presentation**—These financial statements, which are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions. The Foundation reports information regarding its financial position and activities according to two classes of net assets: without donor restriction and with donor restrictions.

Net assets without donor restrictions—Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. The Foundation's Board of Directors (the Board) has designated, from net assets without donor restrictions, net assets for an operating reserve.

Net assets with donor restrictions—Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by actions of the Foundation as specified by the donor or by the passage of time. Other donor-imposed restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Contributions are reported as increases in net assets without donor restrictions when earned unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions when incurred. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time periods has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions are generally recognized as revenues in the period received. Unconditional promises to give are recognized on the date the promise was received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

(c) **Cash and cash equivalents**—For purposes of reporting cash flows, cash and cash equivalents include money market funds and investments with original maturities of three months or less when purchased.

(d) **Investments**—Investment purchases are recorded at cost, or if donated, at the fair value on the date of the donation. Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

**THE COMMUNITY FOUNDATION OF NORTH FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(1) **Summary of Significant Accounting Policies:** (Continued)

(e) **Promises to give**—Conditional promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date. The Foundation does not have any collection items or conditional promises to give at December 31, 2023 and 2022.

(f) **Interest in charitable remainder trust**—The Foundation was named the beneficiary in a charitable remainder trust, assets of which are held by a third-party trustee. Two beneficiaries are to receive ten percent of the net fair value of the trust assets each year during the lifespans. At the termination of the trust period, the remaining principal and interest is to be distributed to the contributors' fund held by the Foundation. The fair value for the beneficial interest in the charitable remainder trust is measured by using an income approach based on calculating the present value of the future distribution expected to be received. The Foundation remeasures the fair value of its beneficial interest annually and adjusts the measurement inputs based on statements received from the trustee, market conditions, and other relevant data. The fair value is reported as net assets with donor restrictions in the accompanying statement of financial position due to the time restrictions imposed on these funds.

(g) **Property and equipment**—Property and equipment is recorded at the estimated fair value at the date of donation or at cost if purchased. Additions, improvements, and other capital outlays that are over a threshold established by management and significantly extend the useful life of an asset are capitalized. If donors stipulate that the property and equipment be used for a specific program, contributions are recorded as restricted support. These restrictions expire when the assets are placed in service. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation is computed on the straight-line method and is based on estimated useful lives ranging from five to seven years. Depreciation expense was \$5,196 and \$9,133 for the years ended December 31, 2023 and 2022, respectively.

(h) **Irrevocable interest in life insurance policies**—These policies are valued at the cash surrender value at year end.

(i) **Funds held for others**—Consist of assets contributed to the Foundation directly from nonprofit organizations that name themselves as the beneficiary of the agency endowment fund created. A corresponding liability is recognized for the net assets of these funds.

(j) **Use of estimates**—The preparation of financial statements in conformity with GAAP requires management to make various estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

(k) **Income taxes**—The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has made no provision for federal income taxes. In addition, the Foundation qualifies for the charitable contribution deduction under Section 509(a). Management of the Foundation considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential significant changes that management believes are more likely than not to occur, including changes to the Foundation's status

**THE COMMUNITY FOUNDATION OF NORTH FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(1) **Summary of Significant Accounting Policies:** (Continued)

as a not-for-profit entity. Management believes the Foundation met the requirements to maintain its tax-exempt status and has not identified any uncertain tax positions subject to the unrelated business income tax that require recognition or disclosure in the accompanying financial statements. The Foundation's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

(l) **Functional allocation of expenses**—The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services based on management's assessment of personnel hours.

(m) **Advertising**—The costs of advertising are expensed in the year incurred. Advertising expense totaled \$9,582 and \$5,052 for the years ended December 31, 2023 and 2022, respectively.

(n) **Donated securities and goods and services**—Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of the donation. No nonfinancial assets were donated to the Foundation for the years ended December 31, 2023 and 2022.

(o) **Subsequent events**—The Foundation has evaluated events and transactions for potential recognition or disclosure in the financial statements through May 22, 2024, the date the financial statements were available to be issued.

(p) **Recent accounting pronouncements**—The Financial Accounting Standards Board (FASB) has issued several pronouncements that have effective dates impacting future financial statements. None of these pronouncements were applicable to the Foundation.

(2) **Fair Value Measurements:**

The fair value measurement accounting literature provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below as follows:

*Level 1* – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

*Level 2* – Inputs to the valuation methodology include: (1) quoted market prices for similar assets or liabilities in active markets, (2) quoted prices for identical or similar assets or liabilities in inactive markets, (3) inputs other than quoted prices that are observable for the asset or liability, and (4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

**THE COMMUNITY FOUNDATION OF NORTH FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(2) **Fair Value Measurements:**

*Level 3* – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The fair value of financial instruments including cash and cash equivalents, prepaid expenses, promises to give, beneficial interest in life insurance policies, accounts payable and agency funds held for others approximate carrying value, principally because of the short maturity of those items.

Following is a description of the valuation methodologies used for the remainder of assets measured at fair value, which consist of investments and the beneficial interest in the charitable remainder trust. There have been no changes in the valuation methodologies used during the year.

*Beneficial interest in charitable remainder trust* – Fair value is estimated by using an income approach based on calculating the present value of the future distribution expected to be received. This approach takes into account the Foundation's determination of an appropriate risk-adjusted discount rate (3% at December 31, 2023 and 2022, respectively), expected appreciation of the unitrust's investments (9.5% and 4.9% at December 31, 2023 and 2022, respectively), and life expectancy (seven and eight years, at December 31, 2023 and 2022, respectively).

*Investments* – Investments are held in a pooled account managed by a third party. Mutual funds traded on a public exchange are measured using level 1 and 2 inputs. Those not traded on an exchange are measured at fair value using the net asset value (NAV) per share (or its equivalent) practical expedient, which is a reasonable estimate of fair value. The fair value amounts are presented below to permit reconciliation of the tables below to the amounts presented in the statements of financial position.

**THE COMMUNITY FOUNDATION OF NORTH FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(2) **Fair Value Measurements:** (Continued)

The following table summarizes the assets of the Foundation for which fair values are determined on a recurring basis:

	<b>Fair Value Measurements as of</b>			<b>Total</b>
	<b>December 31, 2023</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Beneficial interest in				
charitable remainder trust	\$ -	\$ -	\$ 432,751	\$ 432,751
Equities	4,000	-	-	4,000
Mutual funds				
S&P 500 Index	12,776,218	-	-	12,776,218
U.S. bond Index	-	1,008,430	-	1,008,430
Global Index	8,132,203	-	-	8,132,203
GMO resource real asset	4,420,624	-	-	4,420,624
Total in the fair value hierarchy	<u>25,333,045</u>	<u>1,008,430</u>	<u>432,751</u>	<u>26,774,226</u>
Assets measured at NAV				
Equity funds	-	-	-	27,009,933
Fixed income funds	-	-	-	26,022,931
Real asset funds	-	-	-	8,729,825
Private equity funds	-	-	-	12,486,922
Total measured at NAV	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,249,611</u>
Total assets at fair value	<u>\$ 25,333,045</u>	<u>\$ 1,008,430</u>	<u>\$ 432,751</u>	<u>\$ 101,023,837</u>

	<b>Fair Value Measurements as of</b>			<b>Total</b>
	<b>December 31, 2022</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Beneficial interest in				
charitable remainder trust	\$ -	\$ -	\$ 278,982	\$ 278,982
Equities	14,804	-	-	14,804
Total in the fair value hierarchy	<u>14,804</u>	<u>-</u>	<u>278,982</u>	<u>293,786</u>
Assets measured at NAV				
Equity funds	-	-	-	38,267,832
Fixed income funds	-	-	-	28,351,795
Real asset funds	-	-	-	14,468,478
Private equity funds	-	-	-	12,409,122
Total measured at NAV	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,497,227</u>
Total assets at fair value	<u>\$ 14,804</u>	<u>\$ -</u>	<u>\$ 278,982</u>	<u>\$ 93,791,013</u>

There were no transfers between levels 1 and 2 and no purchases, issues or transfers in or out of level 3 of the fair value hierarchy for the years ended December 31, 2023 and 2022.

Investment expenses were \$241,199 and \$250,066 for the years ended December 31, 2023 and 2022, respectively and are netted against investment income.

**THE COMMUNITY FOUNDATION OF NORTH FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(2) **Fair Value Measurements:** (Continued)

The following table describes the applicable commitment and redemption criteria related to the funds described above:

	<u>Unfunded Commitment</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Equity funds (a)	\$ -	Monthly	5 days
Fixed income funds (b)	\$ -	Weekly	5 days
Real asset funds (c)	\$ -	Monthly or longer	5 days
Private equity funds (d)	\$ 13,000,000	N/A	N/A

(a) The equity funds consist of a diversified portfolio of common stocks and equity-linked securities in the global public equity markets.

(b) The fixed income funds consist of investment-grade fixed income securities that include bond index funds and government money market funds.

(c) The real asset funds consist of investments in core real estate and real estate investment trust (REIT) index funds.

(d) The private equity funds consist of a diversified portfolio including global private equity, special situations, and real estate funds.

(3) **Concentrations and Credit Risk:**

At December 31, 2023 and 2022, the Foundation maintained its cash balances at a financial institution. These funds are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2023, there were no uninsured cash balances. At December 31, 2022, uninsured cash balances totaled \$299,599. Money market funds included as cash equivalents are not insured by FDIC and totaled \$2,568,960 and \$2,276,619 at December 31, 2023 and 2022, respectively.

Approximately 19% and 25% of the total contributions received were from a single donor for the years ended December 31, 2023 and 2022, respectively.

(4) **Property and Equipment:**

Property and equipment consisted of the following at December 31:

	<u>2023</u>	<u>2022</u>
Leasehold improvements	\$ 71,987	\$ 71,987
Furniture and equipment	65,412	56,212
Less: accumulated depreciation	(127,373)	(122,176)
Property and equipment, net	<u>\$ 10,026</u>	<u>\$ 6,023</u>



**THE COMMUNITY FOUNDATION OF NORTH FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**(5) Investments Held on Behalf of Others:**

Investments held on behalf of others consist of assets contributed to the Foundation directly from nonprofit organizations that name themselves as the beneficiary of the agency endowment fund created. In accordance with GAAP, community foundations receiving assets from a nonprofit entity that specifies itself as the beneficiary, even if the variance power is explicitly stated in the gift instrument, is deemed not a gift to the Foundation but instead a liability due back to the nonprofit organization.

As of December 31, 2023 and 2022, the Foundation held 102 and 100 agency endowment funds with a combined fair value of \$7,422,484 and \$6,808,893, respectively, which are presented as investments held on behalf of others in the accompanying statements of financial position. Financial activity related to these funds for the years ended December 31, 2023 and 2022, is reflected in the net change in investments held on behalf of others, and is therefore excluded from the statement of activities and changes in net assets.

The following summarizes activity in these funds for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Balance at beginning of the year	\$ 6,808,893	\$ 7,806,932
Gifts received	118,067	129,340
Net return (loss) on investments	733,438	(765,900)
Grants made	(111,580)	(231,556)
Administrative fees	(126,334)	(129,923)
Balance at end of the year	<u>\$ 7,422,484</u>	<u>\$ 6,808,893</u>

**(6) Retirement Plan:**

The Foundation maintains a defined contribution retirement plan (Simple IRA Plan) covering all employees with annual compensation of \$5,000 or more. Employees can elect to defer annually up to the maximum amount of their compensation allowed by the IRS. The Foundation is required to make matching contributions to the Simple IRA Plan up to three percent of its individual participants' compensation. Total contributions to the plan totaled \$10,040 and \$11,490 during the years ended December 31, 2023 and 2022, respectively.

**(7) Endowments:**

The Foundation adheres to the Uniform Prudent Management of Institutional Funds Act, which applies to all nonprofit organizations incorporated in the State of Florida as of July 1, 2012.

Unless a donor imposes a restriction to the contrary, all endowment funds at the Foundation are subject to the spending policy adopted by the Foundation's Board of Directors. The spending policy does not require preservation of the fair value of the original gift, but rather specifically states that spending may include income as well as principal.

**THE COMMUNITY FOUNDATION OF NORTH FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(7) **Endowments:** (Continued)

With regard to donor restricted endowments where the donor expressly states that distributions shall not be made from principal, the Foundation respects and enforces the donor's restriction to preserve the historical gift value of the fund.

Donor restricted endowment funds totaled \$1,130,644 and \$1,042,669 at December 31, 2023 and 2022, respectively.

Changes in endowment funds are summarized as follows for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Balance at beginning of the year	\$ 1,042,669	\$ 1,113,971
Investment income, net	5,505	257
Appreciation (loss)	123,952	(68,760)
Appropriation for expenditure	<u>(41,482)</u>	<u>(2,799)</u>
Balance at end of the year	<u>\$ 1,130,644</u>	<u>\$ 1,042,669</u>

*Endowment Spending Policy*

The Foundation's Board-adopted spending policy for endowments is summarized as follows:

- (1) Policies are determined on a total-return system,
- (2) Allows endowment funds to spend four percent of the twenty-quarter average market value as of September 30<sup>th</sup> of the prior year, and
- (3) Does not require the preservation of the fair value of the original gift, unless specifically stated.

*Endowment Investment Policy*

The endowment investment policy adopted by the Foundation's Board of Directors seeks long-term growth of principal to preserve and grow the Foundation's assets, cover expenses, and maintain the approved spending rate of the funds. The Foundation maximizes the probability that the funds will meet or exceed an annualized target rate of return, adjusted for inflation over a five-year rolling period, by having a target rate of return equal to the Board-adopted spending policy's percentage amount plus inflation plus expenses. The Board of Directors considers and seeks to minimize appropriate risks when managing the funds and selecting investment strategies. The strategies for achieving the Foundation's investment objectives include: a well-diversified portfolio, target allocations in each investment category, guidelines and restricted investments, benchmarks for performance of each asset class, low fees, performance measurement, regular monitoring, and detailed reports.

**THE COMMUNITY FOUNDATION OF NORTH FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**(8) Liquidity and Availability:**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of net position, comprise the following:

	<b>2023</b>	<b>2022</b>
Financial assets available for general expenditure:		
Cash and cash equivalents	\$ 4,128,384	\$ 2,729,031
Investments	92,037,958	85,660,469
Less those unavailable for general expenditures within one year, due to:		
Purpose restrictions	(303,035)	-
Investments in private equity funds	<u>(12,486,922)</u>	<u>(12,409,122)</u>
Total assets available to meet cash needs for general expenses and grantmaking within one year	<u>\$ 83,376,385</u>	<u>\$ 75,980,378</u>

The Foundation maintains a donor-restricted endowment fund that seeks long-term growth of principal (See Note 7)

The Foundation has also established an operating reserve fund designated by the Governing Board. The goal of this fund is to assure the financial health of the Foundation and its continued operations. The balance of the reserve fund was \$872,557 and \$833,520 at December 31, 2023 and 2022, and is included in the total assets available to meet cash needs within one year.

Management monitors cash availability on a regular basis prior to making disbursements.

As shown in the table above, the Foundation has adequate financial assets available to meet unexpected liquidity needs.

**(9) Administrative Fee Revenue:**

The Foundation charges an annual administrative fee on individual funds based on a percentage of the fund balance maintained during the year, which is presented net of costs, as administrative fee revenue in the accompanying statements of activities and changes in net assets. Net administrative fee revenue consist of the following for the years ended December 31, 2023 and 2022:

	<b>2023</b>	<b>2022</b>
Gross revenue	\$ 748,549	\$ 757,639
Less costs	(641,293)	(647,116)
Administrative fee revenue, net	<u>\$ 107,256</u>	<u>\$ 110,523</u>

Administrative fees charged to certain funds are not reflected in the accompanying statements of activities and changes in net assets since they represent inter-fund transfers between the Foundation's operating fund and the other individual funds owned by the Foundation.

**THE COMMUNITY FOUNDATION OF NORTH FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

(10) **Risks and Uncertainties:**

The Foundation invests in numerous investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Market risks include global events which could impact the value of investment securities, such as a pandemic or international conflict. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect account balances and the amounts reported in the statement of financial position.