

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

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2015  
(WITH SUMMARIZED FINANCIAL INFORMATION  
FROM THE YEAR ENDED JUNE 30, 2014)**

**COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.  
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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Community Foundation of Collier County, Inc.  
Naples, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Community Foundation of Collier County, Inc. (the Foundation), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year then ended and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited Community Foundation of Collier County, Inc.'s 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 9, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of program and supporting services on page 21 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



**CliftonLarsonAllen LLP**

Naples, Florida  
December 8, 2015

**COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**YEAR ENDED JUNE 30, 2015**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)**

	2015	2014
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 2,572,890	\$ 594,623
Cash and Cash Equivalents Held for Investment	14,995,080	8,278,626
Accrued Interest Receivable	174,108	33,308
Investments	84,265,860	66,264,159
Other Receivables	7,039	-
Pledges Receivable	936,340	-
Split-Interest Agreements	2,251,971	2,345,384
Beneficial Interest Agreement	37,286	41,717
Property and Equipment, Net	1,512,993	14,089
Other Assets	49,047	58,240
Total Assets	\$ 106,802,614	\$ 77,630,146
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Grants Payable	\$ 661,831	\$ 73,902
Accrued Expenses	73,129	83,242
Funds Held For Agencies	24,960,772	4,265,748
Annuity Obligations	534,295	588,764
Line of Credit	745,000	-
Total Liabilities	26,975,027	5,011,656
<b>NET ASSETS</b>		
Unrestricted		
Board-Designated Endowment:		
Designated for Specific Nonprofits	17,678,764	19,351,110
Designated for Grantmaking	12,206,050	12,475,551
Administrative and Program Endowment	1,471,485	1,548,087
Scholarship	3,798,555	3,807,168
Field of Interest	4,295,173	3,333,636
Total Board-Designated Endowment	39,450,027	40,515,552
Donor Advised	35,290,610	28,588,454
Operating and Unrestricted Reserve	738,017	1,113,294
Designated for Property and Equipment	1,512,993	14,089
Total Unrestricted Net Assets	76,991,647	70,231,389
Temporarily Restricted		
Split-Interest Agreements	2,251,971	2,345,384
Beneficial Interest Agreement	37,286	41,717
Building Project	546,683	-
Total Temporarily Restricted Net Assets	2,835,940	2,387,101
Total Net Assets	79,827,587	72,618,490
Total Liabilities and Net Assets	\$ 106,802,614	\$ 77,630,146

See accompanying Notes to Financial Statements.

**COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2015**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)**

	Unrestricted	Temporarily Restricted	Total	
			2015	2014
<b>SUPPORT AND REVENUES</b>				
Contributions	\$ 15,643,261	\$ 226,683	\$ 15,869,944	\$ 12,819,762
Investment Return	1,118,673	-	1,118,673	7,173,794
Special Events, Net	176,220	-	176,220	120,306
Administrative Fees - Agency Funds	33,532	-	33,532	21,307
Miscellaneous Income	27,545	-	27,545	14,778
Total Support and Revenues	16,999,231	226,683	17,225,914	20,149,947
Net Assets Released from Restrictions	14,250	(14,250)	-	-
Total Support, Revenues, and Reclassifications	17,013,481	212,433	17,225,914	20,149,947
<b>EXPENSES</b>				
Program Services				
Grants	8,472,192	-	8,472,192	7,164,449
Women's Foundation of Collier County (Endowment Building and Grantmaking)	66,575	-	66,575	58,522
Donor Services Program	371,635	-	371,635	401,363
Unrestricted Grants Program	299,230	-	299,230	229,353
Collier 211 Program (Community Helpline)	-	-	-	59,596
Total Program Services	9,209,632	-	9,209,632	7,913,283
Supporting Services				
Development	309,950	-	309,950	319,318
Management and General	352,372	-	352,372	284,282
Total Supporting Services	662,322	-	662,322	603,600
Total Expenses	9,871,954	-	9,871,954	8,516,883
Change in Value of Beneficial Interest Agreement	-	(4,431)	(4,431)	41,717
Change in Value of Split-Interest Agreements and Annuity Obligations	(61,269)	(79,163)	(140,432)	221,026
<b>CHANGE IN NET ASSETS</b>	7,080,258	128,839	7,209,097	11,895,807
Net Assets Reclassified to Restricted	(320,000)	320,000	-	-
Net Assets - Beginning of Year	70,231,389	2,387,101	72,618,490	60,722,683
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 76,991,647</u>	<u>\$ 2,835,940</u>	<u>\$ 79,827,587</u>	<u>\$ 72,618,490</u>

See accompanying Notes to Financial Statements.

**COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2015**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)**

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Contributions	\$ 7,189,348	\$ 6,963,683
Cash Received from Interest and Dividends	1,875,609	1,299,576
Cash Received from Agency Transactions	14,299,823	1,253,528
Cash Paid for Grants	(8,273,734)	(7,187,894)
Cash Paid for Other Expenses	(1,386,944)	(1,385,175)
Other Cash Receipts	237,297	156,391
Net Cash Provided by Operating Activities	13,941,399	1,100,109
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sale of Investments	29,978,589	27,073,691
Purchase of Investments	(34,526,843)	(26,059,455)
Proceeds from Maturity of Certificates of Deposit	-	2,343,344
Purchase of Property and Equipment	(1,508,437)	(9,783)
Net Cash Provided (Used) by Investing Activities	(6,056,691)	3,347,797
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Collections of Contributions Restricted for Property and Equipment	167,046	-
Proceeds from Note Payable	745,000	-
Payments to Beneficiaries of Annuity Obligations	(116,283)	(128,280)
Proceeds from Split-Interest Agreements	14,250	23,750
Net Cash Provided (Used) by Financing Activities	810,013	(104,530)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	\$ 8,694,721	\$ 4,343,376
Cash and Cash Equivalents - Beginning of Year	8,873,249	4,529,873
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 17,567,970	\$ 8,873,249
Cash and Cash Equivalents	\$ 2,572,890	\$ 594,623
Cash and Cash Equivalents Held for Investment	14,995,080	8,278,626
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 17,567,970	\$ 8,873,249

See accompanying Notes to Financial Statements.

**COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2015**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)**

<b>RECONCILIATION OF CHANGE IN NET ASSETS TO CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>2015</b>	<b>2014</b>
Change in Net Assets	\$ 7,209,097	\$ 11,895,807
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Gain on Sale of Investments	(1,819,852)	(3,008,486)
Net (Appreciation) Depreciation in Fair Value of Investments	2,765,468	(3,313,390)
Present Value Discount of Pledges Receivable	3,660	-
Depreciation	9,533	3,462
Contributions Restricted for Property and Equipment	(1,057,046)	-
Change in Value of Split-Interest Agreements and Annuity Obligations	140,432	(221,027)
Change in Value of Beneficial Interest Agreement	4,431	(41,717)
Contributed Securities	(14,399,063)	(5,867,560)
(Increase) Decrease in:		
Accrued Interest Receivable	(140,800)	20,678
Other Receivables	(7,039)	6,500
Pledges Receivable	(50,000)	-
Other Assets	9,193	(22,668)
Increase (Decrease) in:		
Grants Payable	587,929	(23,445)
Accrued Expenses	(9,568)	(13,535)
Funds Held For Agencies	20,695,024	1,685,490
Net Cash Provided by Operating Activities	<b>\$ 13,941,399</b>	<b>\$ 1,100,109</b>

See accompanying Notes to Financial Statements.



**COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)**

**NOTE 1    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

The Community Foundation of Collier County, Inc. (the Foundation) was incorporated in 1983 and began its operations in 1985 as a Florida not-for-profit 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).

**Basis of Accounting**

The accounts of the Foundation are maintained, and the accompanying financial statements have been prepared, on the accrual basis of accounting. Accordingly, assets are recorded when the Foundation 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 Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Unrestricted net assets 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. Temporarily restricted net assets are net assets whose use has been limited by donor-imposed time or purpose restrictions. Permanently restricted net assets are defined as net assets required by the donor restrictions or law to be maintained by the Foundation in perpetuity. The Foundation had no permanently restricted net assets at June 30, 2015. The Foundation reflects restricted contributions whose restrictions are met in the same reporting period as unrestricted support.

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 unrestricted net assets. The Foundation's Board has that ability (i.e., variance power); however, it would only exercise this authority if circumstances render the donor's requests unnecessary, undesirable, impracticable, impossible, or incapable of fulfillment. Accordingly, the Foundation's financial statements classify substantially all amounts as unrestricted.

**Liquidity**

Assets are presented in the accompanying statement 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 financial statements, the Foundation 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 Foundation maintains bank accounts with balances which, at times, may exceed federally insured limits.

**COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)**

**NOTE 1    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 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 unrestricted or temporarily restricted resources when earned, determined according to donor-imposed restrictions. The Foundation follows a total return concept with regard to investments; as such, unrealized appreciation or depreciation on temporarily restricted net assets is considered to be unrestricted.

**Split-Interest Agreements**

The Foundation'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 statement of activities.

**Beneficial Interest Agreement**

The Foundation'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 Foundation. 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 statement of activities.

**Property and Equipment, Net**

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 three to seven 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.

**COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)**

**NOTE 1    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Funds Held For Agencies**

The Foundation has adopted accounting standards for transactions in which a community foundation accepts a contribution from a not-for-profit organization and agrees to transfer those assets, the return on investment of those assets, or both, back to the not-for-profit organization. The standards specifically require that if a not-for-profit 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 Foundation refers to such funds as agency funds. As of June 30, 2015, the Foundation held 83 agency funds.

The Foundation maintains variance power and legal ownership of agency endowment funds and as such continues to report the funds as assets of the Foundation. However, a liability has been established for the fair value of the funds.

**Annuity Obligations**

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

**Contributions**

The Foundation 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 unrestricted due to the Board's variance power in accordance with accounting principles generally accepted in the United States of America.

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

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

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

*Scholarship Funds* – Represents funds that are used to provide non-discriminatory scholarships to eligible applicants in order to further their education.

**COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contributions (Continued)**

*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 Schedule 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 Foundation 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, corporate debt securities, and venture capital funds.

*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 private equity funds, hedge funds, and real estate investment funds.

**COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)**

**NOTE 1    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Measurements (Continued)**

Subsequent to initial recognition, the Foundation 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 Foundation in educational services, committee assignments, and fund-raising. During the year ended June 30, 2015, the Foundation has not recognized donated services in the statement of activities.

**Income Taxes**

The Internal Revenue Service (IRS) has determined the Foundation to be exempt from income taxes under the provisions of Internal Revenue Code 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 Code. Accordingly, no provision for income taxes has been made in these financial statements.

The Foundation follows the income tax standard regarding the recognition and measurement of uncertain tax positions. This guidance clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. This standard has had no impact on the financial statements.

**Estimates**

The preparation of 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 financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Reclassifications**

Certain amounts in the prior year financial statements have been reclassified to conform with the current year presentation. These reclassifications had no effect on the prior year reported change in net assets or net assets – end of year.

During the year ended June 30, 2015, the Foundation elected to change its statement of cash flow presentation from the indirect method to the direct method.

**COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Prior-Year Information**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

**Subsequent Events**

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through December 8, 2015, the date the financial statements were available to be issued.

**NOTE 2 INVESTMENTS**

Investments at June 30, 2015, are composed of the following:

	<u>Cost</u>	<u>Fair Market Value</u>
Domestic Equities	\$ 28,527,382	\$ 33,514,747
International Equities	21,970,333	22,209,315
Fixed Income	11,979,852	11,817,325
Structured Investments	164,100	132,110
Hedge Funds	7,089,881	9,751,893
Private Equity	4,696,641	4,446,881
Real Estate Investment Funds	1,225,000	1,541,109
Commodity Funds	1,198,247	852,480
	<u>\$ 76,851,436</u>	<u>\$ 84,265,860</u>

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 Foundation is limited to the amount of the Foundation's investments in each of these funds. There are no investment funds in which Foundation investments are more than 5% of its net assets as of June 30, 2015.

The Foundation 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 statement of financial position.

**COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)**

**NOTE 2 INVESTMENTS (CONTINUED)**

The following tabulation summarizes unrealized and realized gains and losses for the year ended June 30, 2015:

	<u>Cost</u>	<u>Market Value</u>	<u>Excess of Fair Value Over Cost</u>
Balance, June 30, 2014	\$ 56,084,267	\$ 66,264,159	\$ 10,179,892
Balance, June 30, 2015	76,851,436	84,265,860	<u>7,414,424</u>
Decrease in Unrealized Appreciation			(2,765,468)
Net Realized Gain on Investments			<u>1,819,852</u>
			<u>\$ (945,616)</u>

Net change in appreciation in fair value of investments is recorded as an increase in the unrestricted net assets.

The following is a detailed summary of investment return:

Dividend and Interest Income	\$ 2,443,025
Gain on Sale of Investments	1,819,852
Investment Fees	(426,616)
Net Change in Appreciation in Fair Value of Investments	(2,765,468)
Add Investment Loss Allocated to Agency Funds	<u>47,880</u>
Net Investment Gain	<u>\$ 1,118,673</u>

**NOTE 3 PLEDGES RECEIVABLE**

During the year ended June 30, 2015, the Foundation commenced a capital campaign related to the purchase of its new office condominium. Pledges receivable as of June 30, 2015 consist of and are expected to be collected as follows at June 30, 2015:

Promises to Give	\$ 940,000
Less: Discount to Net Present Value	<u>(3,660)</u>
	<u>\$ 936,340</u>
1 Year or Less	\$ 772,833
2 to 5 Years	<u>163,507</u>
	<u>\$ 936,340</u>

**COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)**

**NOTE 4 SPLIT- INTEREST AGREEMENTS**

The Foundation is an irrevocable beneficiary of one charitable lead trust and four charitable remainder trusts. The Foundation 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 \$2,251,971 has been recorded, as of June 30, 2015 at the present value of the estimated future benefits to be received once the assets are distributed, using a discount rate of 2% and a remainderment factor based on the life expectancy of the donor.

**NOTE 5 PROPERTY AND EQUIPMENT, NET**

Property and equipment, net, at June 30, 2015, consists of the following:

Building	\$ 1,503,436
Office Equipment	29,001
Leasehold Improvements	115,594
Computer Software	64,218
	1,712,249
Less: Accumulated Depreciation	(199,256)
	\$ 1,512,993

**NOTE 6 GRANTS PAYABLE**

Grants 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, 2015, grants payable in one year or less amount to \$661,831.

**NOTE 7 ANNUITY OBLIGATIONS**

The Foundation receives funds for gift annuities. The annuity agreements provide that the Foundation will pay annuitants an amount each year based on the established life expectancy of the donor. The recorded annuity obligation at June 30, 2015, of \$534,295, represents the present value of future cash flows expected to be paid to the donors. There were no new gift annuities received during the year ended June 30, 2015. Payments to beneficiaries for the year ended June 30, 2015 totaled \$116,283

State statutes require that assets equal to the sum of the outstanding annuity agreements, and a surplus of 10% of that amount, be maintained as a reserve in a separate fund. As of June 30, 2015, the Foundation is in compliance with the State statutes.



**COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 8    LINE OF CREDIT**

Line of credit at June 30, 2015 consists of the following:

Revolving line of credit loan agreement with financial institution, with borrowings at the lesser of (a) 95% of total outstanding pledges receivable or (b) \$1,500,000. The Foundation shall make sufficient principal payments so that the principal balance shall never exceed the lesser of (a) 95% of the total outstanding pledges receivable or (b) \$1,125,000 at June 2, 2016, \$750,000 at June 2, 2017 and \$325,000 at June 2, 2018. The note is secured by the Foundation's equipment, furniture and other personal property, and invested funds and cash accounts, and pledges receivable, which are solely designated for the acquisition and build out of the Foundation's new office location.

\$ 745,000

**NOTE 9    BOARD-DESIGNATED ENDOWMENT FUNDS**

Endowment as of June 30, 2015 consists of unrestricted board-designated endowment funds totaling \$39,450,027.

The Foundation has no permanently restricted endowment due to the Foundation's variance power authority as described in Note 1. The Foundation'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 Foundation 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 Foundation considers all earnings and/or losses on board-designated endowment funds to accumulate in the board-designated endowment fund.

Board-designated endowment net asset composition as of June 30, 2015 and during the year then ended is as follows:

**COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.  
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YEAR ENDED JUNE 30, 2015  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)**

**NOTE 9 BOARD-DESIGNATED ENDOWMENT FUNDS (CONTINUED)**

Endowment Net Assets, June 30, 2014	\$ 40,515,552
Investment Return	
Investment Income	2,302,497
Investment Expenses	(251,095)
Net Appreciation (Depreciation)	(1,495,660)
Total Investment Return	555,742
Contributions	1,441,161
Amounts Appropriated for Expenditures	(3,062,428)
Endowment Net Assets, June 30, 2015	\$ 39,450,027

**Investment Policies**

The Foundation 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 Policy**

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

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**COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**  
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**NOTE 10 FAIR VALUE MEASUREMENTS**

The Foundation uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. For additional information on how the Foundation measures fair value, refer to Note 1 – Summary of Significant Accounting Policies. The following table presents the fair value hierarchy for the balances of the assets of the Foundation measured at fair value on a recurring basis as of June 30, 2015:

	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Investments:				
Domestic Equities	\$ 33,514,747	\$ -	\$ -	\$ 33,514,747
International Equities	22,209,315	-	-	22,209,315
Fixed Income	8,707,484	3,109,841	-	11,817,325
Structured Investments	-	132,110	-	132,110
Hedge Funds	-	-	9,751,893	9,751,893
Private Equity	-	-	4,446,881	4,446,881
Real Estate Investment Funds	-	-	1,541,109	1,541,109
Commodity Funds	852,480	-	-	852,480
Total Investments	<u>\$ 65,284,026</u>	<u>\$ 3,241,951</u>	<u>\$ 15,739,883</u>	<u>\$ 84,265,860</u>
Split-Interest Agreements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,251,971</u>	<u>\$ 2,251,971</u>
Beneficial Interest Agreement	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,286</u>	<u>\$ 37,286</u>
<b>Liabilities:</b>				
Annuity Obligations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 534,295</u>	<u>\$ 534,295</u>
<b>Level 3 Hedge Funds:</b>				
Balance at June 30, 2014				\$ 10,113,887
Gain on Sale of Investments				108,392
Unrealized Gain on Investments				59,694
Proceeds from Sale of Investments				(1,580,080)
Purchases of Investments				1,050,000
Balance at June 30, 2015				<u>\$ 9,751,893</u>
<b>Level 3 Private Equity:</b>				
Balance at June 30, 2014				\$ 3,585,957
Unrealized Loss on Investments				(333,851)
Proceeds from Sale of Investments				(297,933)
Purchases of Investments				1,492,708
Balance at June 30, 2015				<u>\$ 4,446,881</u>

**COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**  
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**NOTE 10 FAIR VALUE MEASUREMENTS (CONTINUED)**

Level 3 Fixed Income:	
Balance at June 30, 2014	\$ 775,742
Gain on Sale of Investments	170,018
Unrealized Loss on Investments	(175,742)
Proceeds from Sale of Investments	(770,018)
Balance at June 30, 2015	<u>\$ -</u>
Level 3 Real Estate:	
Balance at June 30, 2014	\$ 1,434,672
Unrealized Gain on Investments	106,437
Balance at June 30, 2015	<u>\$ 1,541,109</u>
Level 3 Split-Interest Agreements:	
Balance at June 30, 2014	\$ 2,345,384
Change in Fair Value of Split-Interest Agreements	(79,163)
Split-Interest Agreement Payments	(14,250)
Balance at June 30, 2015	<u>\$ 2,251,971</u>
Level 3 Beneficial Interest Agreement:	
Balance at June 30, 2014	\$ 41,717
Change in Fair Value of Beneficial Interest Agreement	(4,431)
Balance at June 30, 2015	<u>\$ 37,286</u>
Level 3 Annuity Obligations:	
Balance at June 30, 2014	\$ 588,764
Payments Made to Beneficiaries	(116,283)
Matured Contracts	(29,720)
Change in Fair Value of Annuity Obligations	91,534
Balance at June 30, 2015	<u>\$ 534,295</u>

Level 2 fixed income and structured investments are measured at fair value with a valuation technique utilizing market prices at the close of the last business day for the statement period, provided by the investment advisors.

Level 3 hedge funds, private equities, fixed income 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. 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 remainderment factors.

**COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**  
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**NOTE 10 FAIR VALUE MEASUREMENTS (CONTINUED)**

The Foundation holds investments in certain entities that calculate net asset value per share (or its equivalent). Additionally, the Foundation invests in certain illiquid assets as part of its overall investment strategy. The liquidity needs of the investment pools are reviewed periodically to insure that the Foundation maintains adequate liquid investments in order to meet its grantmaking obligations. The components of these funds are as follows for hedge fund investments and private equity investments:

	Net Asset Value	Investment Objective	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Hedge Fund Investments				
Hedge Funds of Funds	\$ 2,079,012	Diversified Strategies	Quarterly	45 to 60 days
Hedge Funds	\$ 2,933,690	Event Driven	Quarterly to Annually	60 to 65 days
Hedge Funds	\$ 2,281,975	Long/Short Equity	Quarterly	50 days
Hedge Funds	\$ 1,780,230	Relative Value	Quarterly to Semi-Annually	95 days to 3 years
Hedge Fund	\$ 676,986	Futures	Monthly	7 business days
Private Equity Investments				
Limited Partnerships -				
Private Equity Fund of Funds	\$ 373,456	\$ 182,900	Buyout / Venture Capital	6-8 years
Private Equity Funds	\$ 1,945,374	\$ 2,105,409	Leveraged Buyout	3-14 years
Private Equity Funds	\$ 716,923	\$ 697,388	Direct Real Estate	7-11 years
Private Equity Funds	\$ 1,103,535	\$ 1,056,812	Private Credit	1-13 years
Private Equity Fund	\$ 307,593	\$ 260,850	Venture Capital	9-11 years
Real Estate Investments				
Limited Partnerships -				
Real Estate Funds	\$ 1,541,109	Direct Real Estate	Quarterly to Semi-Annually	95 to 110 days

**NOTE 11 COMMITMENTS**

The Foundation has a commitment for office space under a non-cancelable operating lease agreement. The lease expires on January 31, 2016.

The agreement requires the Foundation to pay certain executory costs (real estate taxes, insurance, and repairs). The Foundation has entered into a sublease agreement for a portion of the office space with a nonprofit organization.

**COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 11 COMMITMENTS (CONTINUED)**

Minimum annual rental commitments under the non-cancelable lease are as follows at June 30, 2015:

<u>Year Ending June 30,</u> 2016	<u>\$ 64,892</u>
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Rent expense and common area maintenance charges were \$158,768 for the year ended June 30, 2015.

During June 2015, the Foundation entered into a contract for the build-out of its new office location. The total contract is approximately \$515,000.

**NOTE 12 DEFINED CONTRIBUTION PENSION PLAN**

The Foundation has a defined contribution salary deferral plan covering substantially all employees. Contributions to the plan for the year ended June 30, 2015 were \$32,421.

**NOTE 13 CONCENTRATIONS**

During the year ended June 30, 2015, the Foundation received approximately 23% of its contribution revenue from one donor. Additionally, the Foundation received approximately 70% of its agency fund receipts from two donors.

**NOTE 14 RELATED PARTY TRANSACTIONS**

The Foundation maintains, either directly or through a custodial relationship, a portion of its investments and bank depository balances through Northern Trust Bank. A Foundation board member was an officer of Northern Trust during the year ended June 30, 2015. The Foundation's investments managed or held in custody by Northern Trust at June 30, 2015 totaled approximately \$17,520,341. Investment management fees paid directly to Northern Trust during the year ended June 30, 2015 totaled \$48,813. Bank depository account balances held at Northern Trust Bank totaled approximately \$1,245,577 at June 30, 2015. The Foundation also had a line of credit with Northern Trust with an outstanding balance of \$745,000 as of June 30, 2015.

**COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.  
SCHEDULE OF PROGRAM AND SUPPORTING SERVICES  
FOR THE YEAR ENDED JUNE 30, 2015**

	Programs				Supporting Services			Total Expenses
	Grants	Women's Foundation of Collier County	Donor Services Program	Unrestricted Grants Program	Total Programs	Development	Management and General	
Grants Awarded	\$ 8,472,192	\$ -	\$ -	\$ -	\$ 8,472,192	\$ -	\$ -	\$ 8,472,192
Salaries and Benefits	-	64,442	255,255	212,712	532,409	170,170	212,712	915,291
Rent	-	-	47,630	39,692	87,322	31,754	42,519	161,595
Professional Services	-	581	30,357	25,298	56,236	23,062	53,231	132,529
Office Expense	-	-	14,197	11,399	25,596	9,543	13,790	48,929
Printing and Publications	-	318	12,041	-	12,359	36,123	-	48,482
Advertising	-	13	-	-	13	20,737	-	20,750
Dues and Subscriptions	-	925	-	-	925	10,458	10,458	21,841
Staff Development	-	296	12,155	10,129	22,580	8,103	10,129	40,812
Depreciation	-	-	-	-	-	-	9,533	9,533
	<u>\$ 8,472,192</u>	<u>\$ 66,575</u>	<u>\$ 371,635</u>	<u>\$ 299,230</u>	<u>\$ 9,209,632</u>	<u>\$ 309,950</u>	<u>\$ 352,372</u>	<u>\$ 9,871,954</u>