

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2014
(WITH SUMMARIZED FINANCIAL INFORMATION
FROM THE YEAR ENDED JUNE 30, 2013)**

**COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2014**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES	4
STATEMENT OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6
SUPPLEMENTARY INFORMATION	
SCHEDULE OF PROGRAM AND SUPPORTING SERVICES	20

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, 2014, 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, 2014, 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. and Affiliate's 2013 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated September 27, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material respects, with the audited consolidated 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 20 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
October 9, 2014

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2014
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2013)

ASSETS	<u>2014</u>	<u>2013</u>
Cash and Cash Equivalents	\$ 594,623	\$ 772,132
Cash and Cash Equivalents Held for Investment	8,278,626	3,757,741
Certificates of Deposit	-	2,343,344
Accrued Interest Receivable	33,308	53,985
Investments	66,264,159	55,088,959
Receivables, Net	-	6,500
Convertible Debentures, Net	-	-
Split-Interest Agreements	2,345,384	2,091,717
Beneficial Interest Agreement	41,717	-
Property and Equipment, Net	14,089	7,768
Other Assets	<u>58,240</u>	<u>35,572</u>
 Total Assets	 <u><u>\$ 77,630,146</u></u>	 <u><u>\$ 64,157,718</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Grants Payable	\$ 73,902	\$ 97,347
Accrued Expenses	83,242	96,777
Funds Held For Agencies	4,265,748	2,580,258
Annuity Obligations	<u>588,764</u>	<u>660,653</u>
Total Liabilities	5,011,656	3,435,035
 NET ASSETS		
Unrestricted		
Board Designated Endowment:		
Designated Funds for Specific Nonprofits	20,899,197	19,227,139
Discretionary Grantmaking Funds - Income Access	2,933,893	2,680,477
Discretionary Grantmaking Funds - Principal Access	9,541,658	7,612,489
Scholarship Funds	3,807,168	2,538,859
Field of Interest Funds	<u>3,333,636</u>	<u>2,314,032</u>
Total Board Designated Endowment Funds	40,515,552	34,372,996
Donor Advised Funds	28,588,454	22,840,915
Operating Funds	<u>1,127,383</u>	<u>1,417,055</u>
Total Unrestricted Net Assets	70,231,389	58,630,966
Temporarily Restricted		
Split-Interest Agreements	2,345,384	2,091,717
Beneficial Interest Agreement	41,717	-
Total Temporarily Restricted Net Assets	<u>2,387,101</u>	<u>2,091,717</u>
 Total Net Assets	 <u>72,618,490</u>	 <u>60,722,683</u>
 Total Liabilities and Net Assets	 <u><u>\$ 77,630,146</u></u>	 <u><u>\$ 64,157,718</u></u>

See accompanying Notes to Financial Statements.

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2013)

	Unrestricted	Temporarily Restricted	Total	
			2014	2013
SUPPORT AND REVENUES				
Contributions	\$ 12,819,762	\$ -	\$ 12,819,762	\$ 6,929,783
Investment Return	7,173,794	-	7,173,794	4,673,666
Special Events, Net	120,306	-	120,306	47,086
Administrative Fees - Agency Funds	21,307	-	21,307	24,249
Miscellaneous Income	14,778	-	14,778	34,195
Total Support and Revenues	<u>20,149,947</u>	<u>-</u>	<u>20,149,947</u>	<u>11,708,979</u>
Net Assets Released from Restrictions	<u>23,750</u>	<u>(23,750)</u>	<u>-</u>	<u>-</u>
Total Support, Revenues, and Reclassifications	<u>20,173,697</u>	<u>(23,750)</u>	<u>20,149,947</u>	<u>11,708,979</u>
EXPENSES				
Program Services				
Grants	7,164,449	-	7,164,449	9,458,218
Center for Nonprofit Excellence (Education and Training)	-	-	-	129,382
Women's Initiative Network (Endowment Building and Grantmaking)	58,522	-	58,522	170,077
Donor Services Program	401,363	-	401,363	245,254
Unrestricted Grants Program	229,353	-	229,353	114,173
Collier 211 Program (Community Helpline)	59,596	-	59,596	129,095
Total Program Services	<u>7,913,283</u>	<u>-</u>	<u>7,913,283</u>	<u>10,246,198</u>
Supporting Services				
Development	319,318	-	319,318	332,368
Management and General	284,282	-	284,282	361,513
Total Supporting Services	<u>603,600</u>	<u>-</u>	<u>603,600</u>	<u>693,881</u>
Total Expenses	<u>8,516,883</u>	<u>-</u>	<u>8,516,883</u>	<u>10,940,079</u>
Change in Value of Beneficial Interest Agreement	-	41,717	41,717	-
Change in Value of Split-Interest Agreements and Annuity Obligations	<u>(56,391)</u>	<u>277,417</u>	<u>221,026</u>	<u>111,687</u>
CHANGE IN NET ASSETS	<u>11,600,423</u>	<u>295,384</u>	<u>11,895,807</u>	<u>880,587</u>
Net Assets - Beginning of Year	<u>58,630,966</u>	<u>2,091,717</u>	<u>60,722,683</u>	<u>59,842,096</u>
NET ASSETS - END OF YEAR	<u>\$ 70,231,389</u>	<u>\$ 2,387,101</u>	<u>\$ 72,618,490</u>	<u>\$ 60,722,683</u>

See accompanying Notes to Financial Statements.

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2014
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2013)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 11,895,807	\$ 880,587
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by (Used in) Operating Activities		
Gain on Sale of Investments	(3,008,486)	(818,535)
Net Appreciation in Fair Value of Investments	(3,313,390)	(3,181,375)
Depreciation	3,462	1,963
Change in Value of Split-Interest Agreements and Annuity Obligations	(221,027)	(111,687)
Change in Value of Beneficial Interest Agreement	(41,717)	-
Contributed Securities	(5,867,560)	(3,265,239)
(Increase) Decrease in:		
Accrued Interest Receivable	20,678	6,715
Receivables	6,500	(3,000)
Mortgages Receivable	-	-
Split-Interest Agreements	23,750	569,717
Other Assets	(22,668)	(892)
Increase (Decrease) in:		
Grants Payable	(23,445)	42,870
Accrued Expenses	(13,535)	(29,090)
Funds Held For Agencies	1,685,490	(8,383)
Net Cash Provided by (Used In) Operating Activities	1,123,859	(5,916,349)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	27,073,691	21,070,066
Purchase of Investments	(26,059,455)	(16,192,312)
Proceeds from Maturity of Certificates of Deposit	2,343,344	2,025,054
Purchase of Certificates of Deposit	-	(3,385,000)
Purchase of Property and Equipment	(9,783)	(8,173)
Net Cash Provided by Investing Activities	3,347,797	3,509,635
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments to Beneficiaries of Annuity Obligations	(128,280)	(143,501)
NET CHANGE IN CASH AND CASH EQUIVALENTS	\$ 4,343,376	\$ (2,550,215)
Cash and Cash Equivalents - Beginning of Year	4,529,873	7,080,088
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 8,873,249	\$ 4,529,873
Cash and Cash Equivalents	\$ 594,623	\$ 772,132
Cash and Cash Equivalents Held for Investment	8,278,626	3,757,741
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 8,873,249	\$ 4,529,873

SUPPLEMENTAL DISCLOSURES

No amounts were paid for interest or income taxes for the year ended June 30, 2014.

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
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").

CFCC Collier 211, LLC ("Collier 211") was established in 2011 and became operational in February 2012. Collier 211 is an information and referral service available to all residents and visitors in Collier County. In May of 2014, the operations of this limited liability company were transferred to another organization and CFCC Collier 211, LLC was voluntarily dissolved. The dissolution did not have a material impact on the statement of financial position or statement of activities.

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, 2014. 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 restrictions 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.

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Convertible Debentures

Convertible debentures consist of contributed debenture agreements with a privately owned corporation. The debentures are recorded at the present value of the future cash flow payments utilizing risk-adjusted discount rates, less an allowance for uncollectible accounts, as deemed necessary.

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.

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2014, the Foundation held 63 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, which is generally equivalent to the present value of future payments expected to be made to the not-for-profit organizations.

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 – Represents funds where the donor has designated that the annual grants are used to benefit a particular charity or charities.

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 non-discriminatory 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 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 Measurement

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.

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2014, the Foundation has not recognized donated services in the statement of activities.

Income Taxes

The Internal Revenue Service 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 Internal Revenue Service 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. The implementation of this standard had no impact on the financial statements.

The Foundation's income tax returns are subject to review and examination by federal and state authorities. The Foundation is not aware of any activities that would jeopardize its tax-exempt status. The Foundation is not aware of any activities that are subject to tax on unrelated business income or excise or other taxes. The tax returns for the fiscal years ending 2011 - 2013 are open to examination by federal and state authorities.

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.

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
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, 2013, 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 October 9, 2014, the date the financial statements were available to be issued.

NOTE 2 INVESTMENTS

Investments at June 30, 2014, are composed of the following:

	<u>Cost</u>	<u>Fair Market Value</u>
Domestic Equities	\$ 18,751,428	\$ 23,814,446
International Equities	15,765,958	17,670,333
Fixed Income	8,005,197	8,246,903
Hedge Funds	7,511,569	10,113,887
Private Equity	3,501,866	3,585,957
Real Estate Investment Funds	1,225,000	1,434,672
Commodity Funds	1,323,249	1,397,961
	<u>\$ 56,084,267</u>	<u>\$ 66,264,159</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, 2014.

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
JUNE 30, 2014

NOTE 2 INVESTMENTS (CONTINUED)

The following tabulation summarizes unrealized and realized gains and losses for the year ended June 30, 2014:

	<u>Cost</u>	<u>Market Value</u>	<u>Excess of Fair Value Over Cost</u>
Balance, June 30, 2013	\$ 48,222,456	\$ 55,088,958	\$ 6,866,502
Balance, June 30, 2014	56,084,267	66,264,159	<u>10,179,892</u>
Increase in Unrealized Appreciation			3,313,390
Net Realized Gain on Investments			<u>3,008,486</u>
			<u><u>\$ 6,321,876</u></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	\$ 1,642,142
Gain on Sale of Investments	3,008,486
Investment Fees	(363,243)
Net Change in Appreciation in Fair Value of Investments	3,313,390
Less Investment Gain Allocated to Agency Funds	(426,981)
Net Investment Gain	<u>\$ 7,173,794</u>

NOTE 3 CONVERTIBLE DEBENTURES

During the year ended June 30, 2009, the Foundation received the rights to two \$1,000,000 11% convertible debentures of a privately owned corporation (the Issuer) as contributions. The principal sum and any accrued and unpaid interest shall be due and payable on the earlier of the closure of a round of private equity, venture, or other institutional funding or the maturity dates of the two debentures, originally February 11 and April 17, 2011. The debentures also have a provision allowing the issuer to extend the maturity date of the securities indefinitely. The Issuer has exercised this provision and the maturity date of the debentures has been extended to December 26, 2015. The Issuer may, at its option, redeem all or part of the debentures prior to the maturity date, without premium or penalty, at a price equal to the principal sum, plus accrued and unpaid interest, through the redemption date.

The Foundation has the right, at any time prior to the maturity date, to convert all or a portion of the outstanding principal sum into whole shares of the Issuer's preferred stock at \$1.67 per share, subject to further adjustment as specified in the debentures. The Foundation does not intend to exercise this right.

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 3 CONVERTIBLE DEBENTURES (CONTINUED)

Due to the nature of the securities issued by a privately owned corporation, the Foundation has elected to record an allowance for the entire amount of the original contribution. At June 30, 2014, convertible debentures were composed of the following:

Convertible Debentures	\$ 2,791,948
Less: Allowance for Uncollectible Accounts	(2,791,948)
	\$ -
	-

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 \$2,345,384 has been recorded, as of June 30, 2014, at the present value of the estimated future benefits to be received once the assets are distributed, using a discount rate of 2.20% 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, 2014, consists of the following:

Office Equipment	\$ 29,001
Leasehold Improvements	110,594
Computer Software	64,218
	203,813
Less: Accumulated Depreciation	(189,724)
	\$ 14,089

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, 2014, grants payable in one year or less amount to \$73,902.

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, 2014, of \$588,764, 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, 2014. Payments to beneficiaries for the year ended June 30, 2014 totaled \$128,280.

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 7 ANNUITY OBLIGATIONS (CONTINUED)

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, 2014, the Foundation is in compliance with the State statutes.

NOTE 8 BOARD-DESIGNATED ENDOWMENT FUNDS

Endowment as of June 30, 2014 consists of unrestricted board-designated endowment funds totaling \$40,515,552.

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, 2014 and during the year then ended is as follows:

Endowment Net Assets, June 30, 2013	\$	34,372,996
Investment Return		
Investment Income		2,854,702
Investment Expenses		(224,122)
Net Appreciation (Depreciation)		2,129,476
Total Investment Return		4,760,056
Contributions		3,864,824
Amounts Appropriated for Expenditures		(2,482,324)
Endowment Net Assets, June 30, 2014	\$	40,515,552

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 8 BOARD-DESIGNATED ENDOWMENT FUNDS (CONTINUED)

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.

This space intentionally left blank

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 9 FAIR VALUE MEASUREMENT

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, 2014:

	Level 1	Level 2	Level 3	Total
Assets:				
Investments:				
Domestic Equities	\$ 23,814,446	\$ -	\$ -	\$ 23,814,446
International Equities	17,670,333	-	-	17,670,333
Fixed Income	4,848,428	2,622,733	775,742	8,246,903
Hedge Funds	-	-	10,113,887	10,113,887
Private Equity	-	-	3,585,957	3,585,957
Real Estate Investment Funds	-	-	1,434,672	1,434,672
Commodity Funds	1,397,961	-	-	1,397,961
Total Investments	<u>\$ 47,731,168</u>	<u>\$ 2,622,733</u>	<u>\$ 15,910,258</u>	<u>\$ 66,264,159</u>
Split-Interest Agreements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,345,384</u>	<u>\$ 2,345,384</u>
Beneficial Interest Agreement	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,717</u>	<u>\$ 41,717</u>
Liabilities:				
Annuity Obligations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 588,764</u>	<u>\$ 588,764</u>
Level 3 Fixed Income:				
Balance at June 30, 2013				\$ 1,196,804
Gain on Sale of investments				168,131
Unrealized Loss on Investments				(121,062)
Proceeds from Sale of Investments				(568,131)
Purchases of Investments				100,000
Balance at June 30, 2014				<u>\$ 775,742</u>
Level 3 Hedge Funds:				
Balance at June 30, 2013				\$ 11,517,669
Gain on Sale of Investments				489,106
Unrealized Gain on Investments				383,868
Proceeds from Sale of Investments				(3,526,761)
Purchases of Investments				1,250,004
Balance at June 30, 2014				<u>\$ 10,113,887</u>

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 9 FAIR VALUE MEASUREMENT (CONTINUED)

Level 3 Private Equity:	
Balance at June 30, 2013	\$ 2,659,968
Unrealized Loss on Investments	(51,523)
Proceeds from Sale of Investments	(136,521)
Purchases of Investments	1,114,033
Balance at June 30, 2014	<u>\$ 3,585,957</u>
Level 3 Real Estate:	
Balance at June 30, 2013	\$ 1,816,445
Loss on Sale of Investments	(119,574)
Unrealized Gain on Investments	293,227
Proceeds from Sale of Investments	(555,426)
Balance at June 30, 2014	<u>\$ 1,434,672</u>
Level 3 Split-Interest Agreements:	
Balance at June 30, 2013	\$ 2,091,717
Change in Fair Value of Split-Interest Agreements	277,417
Split-Interest Agreement Payments	(23,750)
Balance at June 30, 2014	<u>\$ 2,345,384</u>
Level 3 Beneficial Interest Agreement:	
Balance at June 30, 2013	\$ -
Change in Fair Value of Beneficial Interest Agreement	41,717
Balance at June 30, 2014	<u>\$ 41,717</u>
Level 3 Annuity Obligations:	
Balance at June 30, 2013	\$ 660,653
Payments Made to Beneficiaries	(128,280)
Matured Contracts	(39,305)
Change in Fair Value of Annuity Obligations	95,696
Balance at June 30, 2014	<u>\$ 588,764</u>

Level 2 fixed income 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 fixed income – hedge funds, 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. 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
JUNE 30, 2014

NOTE 9 FAIR VALUE MEASUREMENT (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:

Hedge Fund Investments	Net Asset Value	Investment Objective	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Limited Partnerships -				
Hedge Fund of Funds	\$ 2,222,704	Diversified Strategies	Quarterly to Semi-annual	45 to 95 days
Hedge Funds	\$ 2,573,792	Event Driven	Quarterly to Annually	60 to 65 days
Hedge Funds	\$ 2,286,011	Long/Short Equity	Quarterly	50 days
Hedge Funds	\$ 2,417,570	Relative Value	Quarterly to Semi-annual	95 days to 3 yrs
Hedge Fund	\$ 613,810	Futures	Monthly	7 days
Private Equity Investments	Net Asset Value	Unfunded Commitments	Investment Objective	Term Remaining
Limited Partnerships -				
Private Equity Fund of Funds	\$ 269,042	\$ 235,000	Buyout / Venture Capital	7-9 years
Private Equity Funds	\$ 1,620,402	\$ 2,641,510	Leveraged Buyout	3-14 years
Private Equity Fund	\$ 866,104	\$ 725,120	Direct Real Estate	7-11 years
Private Equity Fund	\$ 635,989	\$ 1,082,755	Private Credit	1-13 years
Private Equity Fund	\$ 194,420	\$ 313,750	Venture Capital	9-11 years

NOTE 10 LEASE COMMITMENT

The Foundation has a commitment for office space under a long-term, non-cancelable operating lease agreement. The lease expires January 31, 2016, including various renewal options. In the normal course of business, it is expected that this lease will be renewed or replaced by a lease on another property.

The lease provides for increases in future minimum annual rental payments based on defined increases in the lease agreement and the Consumer Price Index. Additionally, the lease is subject to various minimum increases. The Foundation records lease expense in conjunction with its monthly rental payments. This method is not materially different than generally accepted accounting principles. Also, the agreement generally requires the Foundation to pay 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
JUNE 30, 2014

NOTE 10 LEASE COMMITMENT (CONTINUED)

Minimum annual rental commitments under the non-cancelable lease are as follows at June 30, 2014:

<u>Year Ending June 30,</u>	
2015	\$ 109,353
2016	64,892
	<u>\$ 174,245</u>

Rent expense and common area maintenance charges were \$157,650 for the year ended June 30, 2014.

NOTE 11 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, 2014 were \$24,790.

NOTE 12 CONCENTRATIONS

During the year ended June 30, 2014, the Foundation received approximately 27% of contribution revenue from one donor.

NOTE 13 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, 2014. The Foundation's investments managed or held in custody by Northern Trust at June 30, 2014 totaled approximately \$14,710,338. Investment management fees paid directly to Northern Trust during the year ended June 30, 2014 totaled \$46,144. Bank depository account balances held at Northern Trust Bank totaled approximately \$224,817 at June 30, 2014.

The Foundation was provided legal services from the firm Cummings and Lockwood, LLC during the year ended June 30, 2014. A board member of the Foundation was a partner of the firm Cummings and Lockwood, LLC during the year ended June 30, 2014. Legal fees paid to Cummings and Lockwood, LLC during the year ended June 30, 2014 totaled approximately \$5,556.

SUPPLEMENTARY INFORMATION

**COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.
SCHEDULE OF PROGRAM AND SUPPORTING SERVICES
FOR THE YEAR ENDED JUNE 30, 2014**

	Programs					Supporting Services			
	Grants	Women's Initiative Network	Donor Services Program	Unrestricted Grants Program	Collier 211 Program	Total Programs	Development	Management and General	Total Expenses
Grants Awarded	\$ 7,164,449	\$ -	\$ -	\$ -	\$ -	\$ 7,164,449	\$ -	\$ -	\$ 7,164,449
Salaries and Benefits	-	52,670	269,975	154,271	6,026	482,942	192,839	154,272	830,053
Rent	-	-	55,178	31,530	-	86,708	39,413	31,531	157,652
Professional Services	-	158	24,634	14,077	52,658	91,527	42,259	51,254	185,040
Office Expense	-	59	17,954	10,263	15	28,291	12,823	10,258	51,372
Printing and Publications	-	3,794	23,193	13,253	627	40,867	16,567	13,253	70,687
Dues & Subscriptions	-	1,282	-	-	-	1,282	7,968	7,968	17,218
Staff Development	-	559	10,429	5,959	270	17,217	7,449	12,284	36,950
Depreciation	-	-	-	-	-	-	-	3,462	3,462
	<u>\$ 7,164,449</u>	<u>\$ 58,522</u>	<u>\$ 401,363</u>	<u>\$ 229,353</u>	<u>\$ 59,596</u>	<u>\$ 7,913,283</u>	<u>\$ 319,318</u>	<u>\$ 284,282</u>	<u>\$ 8,516,883</u>