

**The Community Foundation of Sarasota County, Inc.  
and its Subsidiaries and Support Organizations**

Combined Financial Statements and  
Independent Auditor's Report  
June 30, 2020 and 2019

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## Independent Auditor's Report

The Board of Directors  
The Community Foundation of Sarasota County, Inc.  
and its Subsidiaries and Support Organizations  
Sarasota, Florida

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

We have audited the accompanying combined financial statements of The Community Foundation of Sarasota County, Inc. and its subsidiaries and support organizations (the Foundation) (a nonprofit organization), which comprise the combined statements of financial position as of June 30, 2020 and 2019, the related combined statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the combined financial statements.

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

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of The Community Foundation of Sarasota County, Inc. and its subsidiaries and support organizations as of June 30, 2020 and 2019, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Kerkering Barkhuis & Co." in a cursive script.

Sarasota, Florida  
December 10, 2020

**The Community Foundation of Sarasota County, Inc.  
and its Subsidiaries and Support Organizations**

Combined Statement of Financial Position

June 30, 2020 and 2019

<b>Assets</b>	<b>2020</b>	<b>2019</b>
Cash and cash equivalents	\$ 19,056,379	\$ 17,702,657
Investments	379,485,853	373,688,440
Contributions, pledges and bequests receivable	7,908,276	10,775,061
Program related investment loan	-	125,000
Split-interest agreement assets	8,313,134	9,513,143
Beneficial interest in perpetual trusts	1,993,758	1,459,607
Other assets	950,480	573,062
Property and equipment, net	<u>3,644,487</u>	<u>3,755,592</u>
 Total Assets	 <u>\$ 421,352,367</u>	 <u>\$ 417,592,562</u>
 <b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 568,527	\$ 437,615
Grants and scholarships payable	3,322,994	2,804,597
Split-interest agreements payable	4,605,634	4,338,595
Funds held as agency endowments	<u>42,075,180</u>	<u>42,169,359</u>
Total liabilities	<u>50,572,335</u>	<u>49,750,166</u>
 Net Assets:		
Without donor restrictions	336,611,066	335,108,952
With donor restrictions	<u>34,168,966</u>	<u>32,733,444</u>
Total net assets	<u>370,780,032</u>	<u>367,842,396</u>
 Total Liabilities and Net Assets	 <u>\$ 421,352,367</u>	 <u>\$ 417,592,562</u>

See accompanying notes to combined financial statements.

**The Community Foundation of Sarasota County, Inc.  
and its Subsidiaries and Support Organizations**

Combined Statement of Activities and Changes in Net Assets

Year Ended June 30, 2020

	<b>Without Donor</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Support, Revenue and Releases:			
Contributions	\$ 48,732,685	\$ 2,492,691	\$ 51,225,376
Realized and unrealized loss on investments	(1,073,714)	(182,829)	(1,256,543)
Investment income, net of investment expenses	7,460,671	608,633	8,069,304
Change in value of split-interest agreements	(564,871)	56,116	(508,755)
Change in value of beneficial interest in perpetual trusts	-	16,400	16,400
Other revenue and support	150,070	-	150,070
Transfers	(74,469)	74,469	-
Net assets released from restriction	1,629,958	(1,629,958)	-
Total support, revenue and releases	56,260,330	1,435,522	57,695,852
Expenses:			
Program expenses:			
Grants and scholarships	48,901,018	-	48,901,018
Initiatives and program services	2,592,625	-	2,592,625
Total program expenses	51,493,643	-	51,493,643
Management and general	1,439,904	-	1,439,904
Development expenses	1,824,669	-	1,824,669
Total expenses	54,758,216	-	54,758,216
Change in net assets	1,502,114	1,435,522	2,937,636
Net assets, beginning of year	335,108,952	32,733,444	367,842,396
Net assets, end of year	\$ 336,611,066	\$ 34,168,966	\$ 370,780,032

See accompanying notes to combined financial statements.

**The Community Foundation of Sarasota County, Inc.  
and its Subsidiaries and Support Organizations**

Combined Statement of Activities and Changes in Net Assets

Year Ended June 30, 2019

	<b>Without Donor</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Support, Revenue and Releases:			
Contributions	\$ 36,261,913	\$ 363,599	\$ 36,625,512
Realized and unrealized gain on investments	10,271,537	714,029	10,985,566
Investment income, net of investment expenses	6,837,273	606,616	7,443,889
Change in value of split-interest agreements	14,859	382,386	397,245
Change in value of beneficial interest in perpetual trusts	-	(25,826)	(25,826)
Other revenue and support	230,772	-	230,772
Transfers	(6,984,358)	6,984,358	-
Net assets released from restriction	3,194,459	(3,194,459)	-
Total support, revenue and releases	49,826,455	5,830,703	55,657,158
Expenses:			
Program expenses:			
Grants and scholarships	21,484,148	-	21,484,148
Initiatives and program services	1,868,319	-	1,868,319
Total program expenses	23,352,467	-	23,352,467
Management and general	1,321,784	-	1,321,784
Development expenses	1,925,731	-	1,925,731
Total expenses	26,599,982	-	26,599,982
Change in net assets	23,226,473	5,830,703	29,057,176
Net assets, beginning of year	311,882,479	26,902,741	338,785,220
Net assets, end of year	\$ 335,108,952	\$ 32,733,444	\$ 367,842,396

See accompanying notes to combined financial statements.

**The Community Foundation of Sarasota County, Inc.  
and its Subsidiaries and Support Organizations**

Combined Statement of Cash Flows

Years Ended June 30, 2020 and 2019

	<b>2020</b>	<b>2019</b>
Cash Flows from Operating Activities:		
Change in net assets	\$ 2,937,636	\$ 29,057,176
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	149,558	218,271
Non-cash contributions	(6,836,247)	(11,673,547)
Realized and unrealized (gain) loss on investments	1,180,436	(11,995,867)
Change in value of split-interest agreement assets	435,976	(397,245)
Change in value of beneficial interest in perpetual trusts	(16,400)	25,826
Change in single life annuity instruments	-	2,500,000
Change in operating assets:		
Contributions, pledges and bequests receivable	2,866,785	19,161,147
Split-interest agreement assets	1,423,900	1,690,636
Beneficial interest in perpetual trusts	(517,751)	-
Other assets	(377,418)	(343,357)
Change in operating liabilities:		
Accounts payable and accrued liabilities	130,912	96,139
Grants and scholarships payable	518,397	(11,134,492)
Split-interest agreements payable	(392,828)	(395,721)
Funds held as agency endowments	(94,179)	1,185,781
Total adjustments	(1,528,859)	(11,062,429)
Net cash provided by operating activities	1,408,777	17,994,747
Cash Flows from Investing Activities:		
Program related investment loan	125,000	2,004
Purchases of investments	(178,993,037)	(148,409,658)
Proceeds from sales of investments	178,851,435	123,297,926
Purchases of property and equipment	(38,453)	(62,890)
Net cash used in investing activities	(55,055)	(25,172,618)
Change in cash and cash equivalents	1,353,722	(7,177,871)
Cash and cash equivalents, beginning of year	17,702,657	24,880,528
Cash and cash equivalents, end of year	\$ 19,056,379	\$ 17,702,657

See accompanying notes to combined financial statements.



# **The Community Foundation of Sarasota County, Inc. and its Subsidiaries and Support Organizations**

Notes to Combined Financial Statements  
June 30, 2020 and 2019

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## **I. Organization**

The Community Foundation of Sarasota County, Inc. is a public charity founded in 1979 by the Southwest Florida Estate Planning Council as a resource for caring individuals and the causes they support, enabling them to make a charitable impact on the community.

Since our founding, the Community Foundation has been making the important connection between individuals' personal memories, passions, dreams and the fulfillment of their charitable goals. We partner with our donors to create permanent charitable funds of everlasting impact. These funds ensure that people of vision will have an enduring influence on the quality of life in our community and the charitable causes they hold dear.

With assets of over \$421 million in more than 1,530 charitable funds, the Community Foundation awarded grants and scholarships totaling more than \$48 million this past year in the areas of education, health and human services, the arts, animal welfare, and the environment. Since our founding, more than \$323 million has been awarded through grants and scholarships.

The vision and mission of the Community Foundation of Sarasota County is community impact powered by philanthropy. The Community Foundation of Sarasota County, Inc. has three strategic drivers that guide its work: ensuring donor confidence, achieving community results and impact, and advancing the Community Foundation of Sarasota County.

The Community Foundation of Sarasota County has two supporting organizations: the Manatee Community Foundation (which also includes the Lakewood Ranch Community Fund, both of which serve neighboring Manatee County), and the Wetherington Foundation. The Community Foundation has two subsidiary organizations, the Community Foundation Trust of Sarasota County, Inc. and CFSC Asset Company, LLC. Collectively, these organizations are referred to as the Community Foundation, or, the Foundation.

## **Donors**

From its very beginnings, the Community Foundation has placed donor intentions and personalized customer service at the forefront of its business practices. Donors have a wide variety of charitable tools that maximize impact, tax benefits and their future legacy. The Community Foundation proudly displays the "Community Foundation National Standards" seal, which signifies our commitment to accountability, transparency and continuous self-improvement.

One way the Community Foundation has clearly demonstrated its commitment to honoring donor intent is to hire in-house Corporate Counsel. This experienced legal professional is responsible for providing legal guidance to Community Foundation leadership and staff, maintaining relationships with professional advisors and donors, and ensuring that fund agreements not only reflect donor intentions, but that they can also be managed and implemented readily and with long-term foresight.

Donors who wish to make a permanent charitable impact on the community can partner with the Community Foundation to carry out their estate plans. These donors, who only need to make a statement of establishment or intent to leave a gift to the Community Foundation in their estate plans, are recognized through the Legacy Society.

# **The Community Foundation of Sarasota County, Inc. and its Subsidiaries and Support Organizations**

Notes to Combined Financial Statements (Continued)

June 30, 2020 and 2019

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## **I. Organization (Continued)**

### **Donors (Continued)**

Nonprofits are also encouraged to choose the Community Foundation of Sarasota County to steward their funds, and they benefit from the large investment pools at the Community Foundation, resulting in lower investment management fees.

### **Professional Advisors**

For professional advisors, the Community Foundation is a single, convenient partner for meeting a variety of charitable interests. The Community Foundation provides professional advisors support, information and expertise on charitable giving. The Community Foundation works with advisors who wish to discuss charitable giving with their clients. The team asks and carefully listens to understand what a donor wants to achieve so that we can be an effective resource for donor's charitable purpose and intent, crafting a plan to meet their needs for community impact. Additionally, there are opportunities for professional wealth advisors to financially manage their clients' funds held at the Community Foundation.

One way the Community Foundation recognizes the efforts of area professional advisors is by hosting the Distinguished Speaker Series, a signature series of multiple educational lectures provided to our community's professional advisors, enabling them to earn continuing education credits at no cost.

### **Community Impact**

In its effort to ensure donor funds are used efficiently and achieve maximum impact, the Community Foundation works to increase nonprofit capacity through its Community Impact team. This team spearheads the community partnership that built and supports The Giving Partner, an online tool populated with in-depth information about more than 700 charitable organizations serving Sarasota, Manatee, Charlotte and DeSoto counties.

The Giving Partner profiles include information about the organizations' core mission, programmatic impact, governance, management and financials. Using the profiles local organizations develop and update in The Giving Partner, our Foundation team provides donors with informed choices to guide their philanthropy; streamlines the grant application process; provides valuable nonprofit information to other local funders, donors and citizens; and uses local data to determine capacity-building needs including governance, management, financial, leadership and marketing training, consulting and resources.

The Giving Challenge is an exciting 24-hour giving event supporting nearly 700 nonprofits serving Sarasota, Manatee, Charlotte and DeSoto counties, who have shown a commitment to transparency by having profiles in The Giving Partner. Since 2012, donors from throughout our region have shown their passion for local nonprofit organizations by providing more than \$58 million in unrestricted funding to support their missions through seven Challenges. The 2020 Giving Challenge once again demonstrated the extraordinary generosity in our community when more than \$18.4 million was raised in just 24 hours to benefit nearly 700 nonprofits listed in The Giving Partner. Thanks to generous matching funds provided by our partner The Patterson Foundation, generosity is incentivized to galvanize our community around charitable giving.

# **The Community Foundation of Sarasota County, Inc. and its Subsidiaries and Support Organizations**

Notes to Combined Financial Statements (Continued)

June 30, 2020 and 2019

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## **I. Organization (Continued)**

### **Community Foundation Initiatives**

It is when the Community Foundation's deep knowledge of community needs intersects with the passion of our donors that innovation truly happens. In partnership with living and legacy donors, and numerous other community organizations, the Community Foundation has applied a two-generational lens to much of its work. Inspired by the work of Ascend at the Aspen Institute, this approach posits that a powerful way to help struggling families move beyond poverty is through a "two-generation" strategy, which provides opportunities for vulnerable children and their parents. Examples of this approach are recognized in these successful programs:

- **Family Stability:** these efforts are focused on keeping families in their home through Season of Sharing, a 20-year campaign that provides targeted financial assistance, primarily for mortgage/rent and utilities; and The Student Emergency Fund, specific to supporting the emergency needs of public and charter school students. These funds are available to principals and teachers for one-time, immediate assistance.
- **Literacy/Education:** a multi-project, multi-partner effort that includes programs such as EdExploreSRQ (experiential learning opportunities for students in K-12), Campaign for Grade Level Reading (focusing on literacy and mental health efforts on birth through third grade), and two-generational work with students and parents at Alta Vista, Gocio, Tuttle and Emma E. Booker Elementary Schools which serve low income families. Parents have the opportunity to enroll in GED and post-secondary programs. Over 200 parents have been supported in their educational pursuits.

## **2. Summary of Significant Accounting Policies**

### **Combined Financial Statements**

The combined financial statements and notes are representations of the Foundation's management who is responsible for their integrity and objectivity. The accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the combined financial statements.

### **Basis of Accounting**

The Foundation prepares its combined financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

### **Use of Estimates and Assumptions**

The preparation of the combined 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, disclosure of contingent assets and liabilities at the date of the combined financial statements, and the reported amounts of revenue, expenses and changes in net assets during the reported period. Actual results could differ from those estimates and assumptions.

# The Community Foundation of Sarasota County, Inc. and its Subsidiaries and Support Organizations

Notes to Combined Financial Statements (Continued)

June 30, 2020 and 2019

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## 2. Summary of Significant Accounting Policies (Continued)

### Principles of Combination

The combined financial statements of the Foundation include its own accounts, and the accounts of related organizations which include the Community Foundation Trust of Sarasota County, Inc. (Trust), Wetherington Foundation, Inc. (WF), a Type I supporting organization, Manatee Community Foundation, Inc. (MCF), a Type I supporting organization, and CFSC Asset Company, LLC, all of which are exempt nonprofit organizations. The Foundation controls WF and MCF through a majority voting interest in the Board of Directors. All material transactions between the organizations have been eliminated.

### Financial Statement Presentation

Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

*Net assets without donor restrictions* - Net assets that provide management or the governing board with discretionary control to use in carrying on the mission of the Foundation due to the absence of donor-imposed stipulations.

*Net assets with donor restrictions* - Net assets subject to explicit or implicit donor-imposed stipulations for use in future periods or currently available for use but only for purposes specified by the grantor or donor. When a restriction expires, these net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Other net assets have restrictions that are perpetual in nature. These net assets are subject to donor-imposed stipulations that neither expire within a certain period of time nor can be fulfilled or otherwise removed by actions of the Foundation.

### Variance Power

Accounting principles generally accepted in the United States of America and the *Not-for-Profit Entities* Topic of the FASB Accounting Standards Codification provide that if the governing body of an organization has the unilateral power to redirect the use of a donor's contribution to another beneficiary, such contributions must be classified as net assets without donor restrictions. The Board of Directors of the Foundation has the ability known as variance power; however, the Board of Directors would generally intend to exercise this authority only if the stated purpose of a contribution becomes no longer applicable and incapable of fulfillment. Accordingly, the Foundation's combined financial statements classify the majority of funds, including the corpus of certain donor advised funds, as net assets without donor restrictions, but segregate for internal management and record keeping the portion that is held as donor advised from the funds that are currently available for grants administration.

### Financial Instruments Not Measured at Fair Value

Certain of the Foundation's financial instruments are not measured at fair value on a recurring basis but nevertheless are recorded at amounts that approximate fair value due to their liquid or short-term nature. Such financial assets and liabilities include cash and cash equivalents, contributions, program related investment loan, other assets, accounts payable and accrued expenses, and grants and scholarships payable.

# **The Community Foundation of Sarasota County, Inc. and its Subsidiaries and Support Organizations**

Notes to Combined Financial Statements (Continued)

June 30, 2020 and 2019

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## **2. Summary of Significant Accounting Policies (Continued)**

### **Cash and Cash Equivalents**

The Foundation considers all short-term, highly liquid investments with original maturities of ninety days or less to be cash equivalents. Cash equivalents include money market funds, which are readily convertible to cash, and are stated at cost which approximates fair value. Cash and cash equivalents temporarily held by financial institutions for investment purposes are included with investments in the combined statement of financial position.

### **Investments**

Investments are stated at fair value, which represents the value on the date of donation or cost on the date of purchase plus reinvested earnings and appreciation or depreciation. Increases and decreases in fair value are recognized in the period in which they occur and the carrying values of the investments are adjusted to reflect these fluctuations. Gains or losses on securities sold are computed on a specific identification basis. Investment income and unrealized gains or losses are allocated to the funds based upon their respective balances. Investment income is shown net of investment management fees on the combined statement of activities and changes in net assets.

The Foundation's investments consist primarily of common and preferred stocks, mutual funds, United States government securities/bonds, corporate bonds and alternative investments. Assets included in investments are carried at fair value as detailed in Note 5.

### **Contributions and Pledges Receivable**

Contributions, including unconditional promises to give, are recognized as revenue when the donor's commitment is received. Unconditional promises are recognized net of allowances. Grant revenue is recorded as a contribution when awarded on an unconditional basis.

The Foundation assesses the collectability of individual pledges receivable annually and provides an allowance for uncollectible pledges receivable. The Foundation considers all pledges receivable to be fully collectible at June 30, 2020 and 2019, therefore no allowance has been provided for in these combined financial statements.

### **Bequests Receivable**

The Foundation has been named beneficiary in a number of bequests. Bequests that have not been recorded in the accompanying combined financial statements are those where the donors' wills have not been declared valid by the probate court or the value of the amounts to be received are not yet determinable. All other bequests are reflected as bequests receivable in the accompanying combined financial statements.

### **Program Related Investment Loan**

The Foundation enters into program related investment loans with nonprofit organizations. The investments may represent below market rate loans for the furtherance of the not-for-profit's tax-exempt mission. At origination these loans have set repayment terms and dates, though the Foundation may elect to forgive the program related investment loan and convert the balance to a grant.

### **Beneficial Interest in Perpetual Trusts**

The Foundation has been given beneficial interests in perpetual trusts. The trusts' assets are held by third party trustees and the Foundation receives the income generated by the trusts' assets in perpetuity or until the termination of the Foundation. The Foundation's beneficial interests in the perpetual trusts are measured by the fair value of the trusts' assets held on behalf of the Foundation.

# The Community Foundation of Sarasota County, Inc. and its Subsidiaries and Support Organizations

Notes to Combined Financial Statements (Continued)

June 30, 2020 and 2019

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## 2. Summary of Significant Accounting Policies (Continued)

### Property and Equipment, Net

Property and equipment are stated at historical cost at the date of acquisition or fair value at the date of donation, in the case of gifts. Property and equipment are recorded as net assets without donor restrictions or net assets with donor restrictions when the donations have time stipulations. Expenditures over \$2,500 that significantly add to the productivity or extend the useful lives of property and equipment are capitalized. Other expenditures for maintenance and repairs are charged to operations in the period the costs are incurred.

Depreciation is provided for over the estimated service lives of the respective assets on a straight-line basis. A summary of estimated useful lives is as follows:

Land improvements	10 to 15 years
Buildings and improvements	10 to 39 years
Furniture and equipment	3 to 7 years

### Split-Interest Agreements

The Foundation's split-interest agreements with donors consist of charitable gift annuities, charitable remainder annuity trusts and charitable remainder unitrusts. Contributions of split-interest agreements are recorded at fair value when the Foundation is informed of the contribution and its interest is irrevocable. Contributions of split-interest agreements and charitable remainder trusts included in contributions on the accompanying combined statements of activities was \$68,178 and \$494,196 for the years ended June 30, 2020 and 2019, respectively. Assets are invested and payments are made to donors and/or others in accordance with the respective agreements. The present value of payments under these arrangements are calculated using applicable tax discount rates at the combined statements of financial position dates and annuity payout rates ranging from 3.7% – 12%.

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 combined statements of activities and changes in net assets. These amounts and amounts of related assets and liabilities are based on the estimated maturities of the agreements. Actual results could differ from those estimates.

Charitable remainder trusts are classified as net assets with donor restrictions. Once the beneficial interest is passed to the Foundation, the remaining assets are released for use and restricted as specified by the donor.

Charitable gift annuities are classified as net assets without donor restrictions or net assets with donor restrictions based upon the individual gift agreements. Gift annuity assets totaled \$3,732,304 and \$4,163,071 as of June 30, 2020 and 2019, respectively, and are included in investments in the combined statement of financial position. Distributions of the annuities are paid from income first then as a release of principal, if necessary.

The Foundation has reinsured nine gift annuities with highly rated life insurance companies. Estimated future payments related to the reinsured gift annuity totaled \$1,166,681 and \$1,073,535 as of June 30, 2020 and 2019, respectively, and is recorded in the combined statement of financial position under split-interest agreements payable.

# The Community Foundation of Sarasota County, Inc. and its Subsidiaries and Support Organizations

Notes to Combined Financial Statements (Continued)

June 30, 2020 and 2019

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## 2. Summary of Significant Accounting Policies (Continued)

### Grants and Scholarships Payable

Grants and scholarships payable consist of grants which are recorded as expenses when authorized by the Board of Directors and committed to a specified recipient but have not yet been paid. Certain grants made by the Board of Directors are contingent on activities to be performed by the recipient and are recorded as expenses when those conditions are met.

### Agency Endowments

The Foundation accounts for agency transactions in accordance with FASB Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*. This Topic establishes standards for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets or both to another entity that is specified by the donor. The ASC specifically requires that if a nonprofit organization establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. The Foundation refers to such funds as agency endowments.

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.

At June 30, 2020 and 2019 the Foundation held 146 and 141, respectively, agency endowment funds with fair values of \$42,075,180 and \$42,169,359, respectively. Funds are segregated on the combined statements of financial position and are classified as funds held as agency endowments.

### Donated Services

Donated services have not been recorded in the accompanying combined financial statements because they did not meet the requirements for recording under generally accepted accounting principles; however, a substantial number of volunteers have donated time to the Foundation.

### Income Tax Status

The Foundation and its support organizations are exempt from federal taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been provided for. The Foundation is not a private foundation under Section 509(a) of the Internal Revenue Code.

Under the *Income Taxes* Topic of the FASB Accounting Standards Codification, the Foundation has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the combined financial statements.

The Foundation files income tax returns in the U.S. federal jurisdiction. The tax periods open to examination by the major taxing jurisdictions to which the Foundation is subject include fiscal years ended June 30, 2017 through June 30, 2020.

# The Community Foundation of Sarasota County, Inc. and its Subsidiaries and Support Organizations

Notes to Combined Financial Statements (Continued)

June 30, 2020 and 2019

## 2. Summary of Significant Accounting Policies (Continued)

### Recent Accounting Pronouncements

During the year ended June 30, 2020, the Foundation adopted (ASU) No. 2018-08, Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The amendments in ASU 2018-08 apply to all entities that receive or make contributions. The adoption of ASU No. 2018-08 did not have a material impact on the measurement, nor on the contributions made and received. Therefore, no cumulative adjustment has been made to the opening balance of net assets at July 1, 2019.

### 3. Liquidity and Availability

Financial assets available for grants, scholarships and other expenses within one year of the Statement of Financial Position date comprise the following at June 30:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 13,567,821	\$ 17,247,881
Short-term investments	66,732,176	58,123,569
Long-term investments made available for current use	14,612,570	14,245,154
	<u>\$ 94,912,567</u>	<u>\$ 89,616,604</u>

The assets above include \$63,981,020 and \$60,017,373 in donor-advised funds as of June 30, 2020 and 2019, respectively. The Foundation generally uses these assets for grantmaking based on donor recommendations.

The amounts reflected above in cash and cash equivalents and short term investments are available for the Foundation's general expenditures, liabilities and other obligations, as well as for grant and scholarship awards from non-endowed grant making funds.

As described in Note 13, the Foundation's distribution policy for endowed funds for the years ending June 30, 2020 and 2019 is 4.5%. A spendable amount of \$11,866,484 and \$11,081,260 will be/was made available for grantmaking from these funds during the fiscal years ending June 30, 2021 and 2020, respectively. In addition, \$2,746,086 and \$3,163,894 remained as spendable as a result of previous years available to spend amounts which had not been distributed as of June 30, 2020 and 2019, respectively. These amounts are included in long-term investments made available for current use.

As part of the Foundation's liquidity management, financial assets are structured to be available as general expenditures, liabilities and other obligations become due. The Foundation invests cash in excess of daily requirements in short-term investments and interest bearing checking. Occasionally the board will designate a portion of an operating surplus to its operating reserve, which was \$2,089,975 and \$1,877,029 as of June 30, 2020 and 2019, respectively.

### 4. Contributions, Pledges and Bequests Receivable

As of June 30, 2020 and 2019, the Foundation has written contributions, pledges and bequests receivable totaling \$7,908,276 and \$10,775,061, respectively. The Foundation records signed pledges as receivables based upon management evaluations of donors and pledge history.

As of June 30, 2020 and 2019, no allowance for uncollectible pledges has been established, as all receivables were considered collectible. Amounts are generally collected over one to five years and are recorded at their realizable value which approximates fair value. Based on the limited receivable balance due after one year, amounts are not discounted to net present value.



**The Community Foundation of Sarasota County, Inc.  
and its Subsidiaries and Support Organizations**

Notes to Combined Financial Statements (Continued)

June 30, 2020 and 2019

**5. Fair Value of Financial Assets and Liabilities**

The Foundation values certain assets in accordance with the *Fair Value Measurements and Disclosures* Topic of the FASB Accounting Standards Codification. The *Fair Value Measurements and Disclosures* Topic provides enhanced guidance for using fair value to measure assets and liabilities and clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the assets or liabilities and establishes a hierarchy that prioritizes the information used to develop those assumptions.

The following table presents the classes of assets and liabilities measured at fair value on a recurring basis as of June 30, 2020 and 2019 and indicates the fair value hierarchy of the valuation techniques used to determine fair value. The three levels for measuring fair value are based on the reliability of inputs and are as follows:

Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities, such as publicly traded equity securities.

Level 2 - inputs other than quoted prices included in Level 1 that are observable, either directly or indirectly. Such inputs may include quoted prices for similar assets, observable inputs other than quoted prices (interest rates, yield curves, etc.), or inputs derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. The inputs reflect the Foundation's assumptions based on the best information available in the circumstance.

<u>Description</u>	<u>Fair Value June 30, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>Assets at Fair Value</b>				
Investments:				
Equity:				
Large cap U.S.	\$ 128,860,800	\$ 128,860,800	\$ -	\$ -
Mid cap U.S.	18,262,871	18,262,871	-	-
Small cap U.S.	7,967,776	7,967,776	-	-
International developed	61,839,102	61,839,102	-	-
Emerging markets	13,343,131	13,343,131	-	-
Total equity	<u>230,273,680</u>	<u>230,273,680</u>	<u>-</u>	<u>-</u>
Fixed Income:				
Core U.S. fixed	100,108,855	100,108,855	-	-
TIPS	334,079	334,079	-	-
International	1,890,864	1,890,864	-	-
High yield	13,095,227	13,095,227	-	-
Total fixed income	<u>\$ 115,429,025</u>	<u>\$ 115,429,025</u>	<u>\$ -</u>	<u>\$ -</u>

**The Community Foundation of Sarasota County, Inc.  
and its Subsidiaries and Support Organizations**

Notes to Combined Financial Statements (Continued)

June 30, 2020 and 2019

**5. Fair Value of Financial Assets and Liabilities (Continued)**

Description	Fair Value June 30, 2020	Level 1	Level 2	Level 3
<b>Assets at Fair Value (Continued)</b>				
Investments (Continued):				
Alternative:				
Global real estate	\$ 10,561	\$ 10,561	\$ -	\$ -
Commodities	4,435,706	4,435,706	-	-
REITS	10,202,563	10,202,563	-	-
Limited partnership	574,225	-	-	574,225
Infrastructure	5,654,836	5,654,836	-	-
Other	10,504	10,504	-	-
Total alternative	<u>20,888,396</u>	<u>20,314,170</u>	<u>-</u>	<u>574,225</u>
Cash and cash equivalents	4,286,916	4,286,916	-	-
Real estate held as investment	54,900	-	-	54,900
Investments measured at net asset value*	<u>8,552,937</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investments	<u>379,485,853</u>	<u>370,303,791</u>	<u>-</u>	<u>629,125</u>
Bequests receivable	7,419,185	7,419,185	-	-
Estimated reinsurance receivable	1,166,681	-	-	1,166,681
Charitable remainder trust assets held as trustee	810,074	810,074	-	-
Charitable remainder trusts receivable	6,336,379	-	-	6,336,379
Beneficial interest in trusts	1,993,758	1,993,758	-	-
Total Assets at Fair Value	<u>\$ 397,211,930</u>	<u>\$ 380,526,808</u>	<u>\$ -</u>	<u>\$ 8,132,185</u>
<b>Liabilities at Fair Value</b>				
Split-interest agreements payable	\$ 4,605,634	\$ -	\$ -	\$ 4,605,634
Funds held as agency endowments	<u>42,075,180</u>	<u>42,075,180</u>	<u>-</u>	<u>-</u>
Total Liabilities at Fair Value	<u>\$ 46,680,814</u>	<u>\$ 42,075,180</u>	<u>\$ -</u>	<u>\$ 4,605,634</u>

(\*) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in the tables above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the combined statements of financial position.

**The Community Foundation of Sarasota County, Inc.  
and its Subsidiaries and Support Organizations**

Notes to Combined Financial Statements (Continued)

June 30, 2020 and 2019

**5. Fair Value of Financial Assets and Liabilities (Continued)**

<u>Description</u>	<u>Fair Value June 30, 2019</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>Assets at Fair Value</b>				
Investments:				
Equity:				
Large cap U.S.	\$ 118,997,065	\$ 118,997,065	\$ -	\$ -
Mid cap U.S.	15,979,710	15,979,710	-	-
Small cap U.S.	7,883,823	7,883,823	-	-
International developed	61,803,058	61,803,058	-	-
Emerging markets	17,186,055	17,186,055	-	-
Total equity	<u>221,849,711</u>	<u>221,849,711</u>	<u>-</u>	<u>-</u>
Fixed Income:				
Core U.S. fixed	76,981,177	76,981,177	-	-
TIPS	877,900	877,900	-	-
International	10,254,057	10,254,057	-	-
High yield	11,850,797	11,850,797	-	-
Total fixed income	<u>99,963,931</u>	<u>99,963,931</u>	<u>-</u>	<u>-</u>
Alternative:				
Private equity	26,567	-	-	26,567
Global real estate	30,958	30,958	-	-
Commodities	9,621,189	9,621,189	-	-
REITS	13,461,104	13,461,104	-	-
Limited partnership	574,225	-	-	574,225
Infrastructure	7,787,986	7,787,986	-	-
Other	14,229	14,229	-	-
Total alternative	<u>31,516,258</u>	<u>30,915,466</u>	<u>-</u>	<u>600,792</u>
Cash and cash equivalents	6,296,297	6,296,297	-	-
Real estate held as investment	360,900	-	-	360,900
Investments measured at net asset value*	<u>13,701,343</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investments	<u>373,688,440</u>	<u>359,025,405</u>	<u>-</u>	<u>961,692</u>
Bequests receivable	10,385,911	10,385,911	-	-
Estimated reinsurance receivable	1,073,535	-	-	1,073,535
Charitable remainder trust assets held as trustee	855,170	855,170	-	-
Charitable remainder trusts receivable	7,584,437	-	-	7,584,437
Beneficial interest in trusts	1,459,607	1,459,607	-	-
Total Assets at Fair Value	<u>\$ 395,047,100</u>	<u>\$ 371,726,093</u>	<u>\$ -</u>	<u>\$ 9,619,664</u>

**The Community Foundation of Sarasota County, Inc.  
and its Subsidiaries and Support Organizations**

Notes to Combined Financial Statements (Continued)

June 30, 2020 and 2019

**5. Fair Value of Financial Assets and Liabilities (Continued)**

Description	Fair Value June 30, 2019	Level 1	Level 2	Level 3
<b>Liabilities at Fair Value</b>				
Split-interest agreements payable	\$ 4,338,595	\$ -	\$ -	\$ 4,338,595
Funds held as agency endowments	42,169,359	42,169,359	-	-
Total Liabilities at Fair Value	<u>\$ 46,507,954</u>	<u>\$ 42,169,359</u>	<u>\$ -</u>	<u>\$ 4,338,595</u>

The total cost of investments as of June 30, 2020 and 2019 is \$346,647,169 and \$340,130,308, respectively. For the year ended June 30, 2020, the Foundation had realized gains and unrealized losses on investments of \$168,137 and (\$1,348,573), respectively. This includes realized gains and unrealized losses on agency endowments totaling \$12,784 and (\$707), respectively, and excludes (\$64,030) of realized loss on disposition on real estate held for investment. For the year ended June 30, 2019, the Foundation had realized and unrealized gains on investments of \$50,596 and \$11,987,845, respectively. This includes realized losses and unrealized gains on agency endowments totaling (\$199,416) and \$1,209,717, respectively. The Foundation incurred \$827,429 and \$734,124 of investment management fees during the years ended June 30, 2020 and 2019, respectively.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level of a financial instrument within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The following methods and assumptions were used by the Foundation in estimating the fair value of its Level 1, Level 2 and Level 3 financial instruments:

*Private equity* - the Foundation's investment in one private equity fund was not actively traded and was valued at fair value by the general partner/managing member based on such factors as the underlying partnership's net assets, liquidity, nature of the portfolio and market conditions. Because of the inherent uncertainty of valuations, however, those estimated values may differ from the values that would have been used had a ready market for these investments existed. The Foundation believes that the carrying amount of that investment as disclosed above is a reasonable estimate of fair value as of June 30, 2019 (Level 3).

*Charitable remainder trust assets held as trustee and beneficial interest in trusts* - represents assets held by the Foundation under charitable remainder trusts. Fair value is measured based on the underlying securities held within the trust assets, which have been determined to be Level 1 securities for the years ended June 30, 2020 and 2019.

*Estimated reinsurance receivable and charitable remainder trusts receivable and split-interest agreements payable* - The fair value of these assets and liabilities are estimated by discounting future cash flows using actuarial rates from mortality tables.

*Limited Partnership* - the limited partnership investment was donated and fair value was based on an independent appraisal performed on February 28, 2018 (Level 3).

**The Community Foundation of Sarasota County, Inc.  
and its Subsidiaries and Support Organizations**

Notes to Combined Financial Statements (Continued)

June 30, 2020 and 2019

**5. Fair Value of Financial Assets and Liabilities (Continued)**

*Bequests receivable* - the fair value is estimated by management based on expected future cash flows. Collectability of these receivables is based on the Foundation's assumptions based on the best information available in the circumstances (Level 1).

*Real estate held as investment* - the real estate investments were donated and fair value was based on an independent real estate appraisal or comparative market analysis.

The following is a reconciliation of the beginning and ending balances for assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the years ended June 30, 2020 and 2019:

	<u>Estimated Reinsurance Receivable</u>	<u>Charitable Remainder Trust Receivable</u>	<u>Split- Interest Agreements Payable</u>	<u>Private Equity Fund</u>	<u>Limited Partnership</u>
Balance - June 30, 2018	\$ 1,006,459	\$ 7,616,061	\$ (4,333,551)	\$ 108,822	\$ 546,700
Contributions	-	359,302	-	5,962	-
Purchases	118,716	-	-	-	-
Sales, withdrawals, distributions	(187,289)	-	-	(96,893)	(67,800)
Realized & unrealized gains (losses)	-	-	-	8,676	95,325
Changes in value of split- interest agreements	135,649	740,743	108,801	-	-
New agreements	-	-	(190,085)	-	-
Transfer	-	792,173	-	-	-
Maturities	-	(1,923,842)	76,240	-	-
Balance - June 30, 2019	\$ 1,073,535	\$ 7,584,437	\$ (4,338,595)	\$ 26,567	\$ 574,225
Purchases	59,470	-	-	-	-
Sales, withdrawals, distributions	(191,291)	-	-	(25,015)	(61,020)
Realized & unrealized gains (losses)	-	-	-	(1,552)	61,020
Changes in value of split- interest agreements	224,967	175,842	(244,225)	-	-
New agreements	-	-	(71,822)	-	-
Maturities	-	(1,423,900)	49,008	-	-
Balance - June 30, 2020	\$ <u>1,166,681</u>	\$ <u>6,336,379</u>	\$ <u>(4,605,634)</u>	\$ <u>-</u>	\$ <u>574,225</u>

The fair value of the funds listed below have been estimated based on net asset value per share as a practical expedient as reported by the investee. Fair value of the private equity funds and other alternative investments is estimated based upon the net asset value per share as reported by the investee, however, these funds are not redeemable and represent partnership interests. While the Foundation does receive distributions from these funds, it cannot determine or estimate the period of time over which the underlying investment may be liquidated by the investees.

**The Community Foundation of Sarasota County, Inc.  
and its Subsidiaries and Support Organizations**

Notes to Combined Financial Statements (Continued)

June 30, 2020 and 2019

**5. Fair Value of Financial Assets and Liabilities (Continued)**

	<b>NAV in Funds June 30, 2020</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>
Other Alternative:			
Makena Capital Associations, L.P. (b)	8,552,937	Annually	1 year
Total	\$ 8,552,937		
	<b>NAV in Funds June 30, 2019</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>
Private Equity Funds:			
Private Equity Core Fund (QP) IV, L.P. (a)	\$ 2,190,622	n/a	n/a
Other Alternative:			
Makena Capital Associations, L.P. (b)	11,510,721	Annually	1 year
Total	\$ 13,701,343		

- (a) The Fund is a limited partnership that was organized for the principal purpose of making investments in venture capital, buyout, and other private equity-oriented portfolio funds. The Partnership allocates its investable assets in several direct funds that seek capital appreciation by making equity and equity-related investments in conjunction with privately negotiated transactions. The Partnership shall terminate and be dissolved on the later of the twelfth anniversary of the Effective Date (July 1, 2009) or 120 days after the date on which the Partnership's last investment has been liquidated; provided that the Partnership may be terminated and dissolved at such earlier time as determined by the General Partner in its sole discretion. The original commitment to the fund was \$2,500,000. As of June 30, 2020, the Foundation closed its position in this fund and has no remaining commitment.
- (b) This limited partnership is referred to as a "feeder fund" as it is part of a "master-feeder" structure whereby the limited partnership invests substantially all of its assets in several "master funds". The investment objectives of the master funds are to achieve capital appreciation in a wide range of asset classes through proprietary asset allocation and careful selection of third-party investment managers. The Master Funds may liquidate their investments in the Underlying Funds periodically, subject to the terms of the Underlying Funds' governing documents, which generally provide for restrictions on transferability, minimum holding periods or lock-ups, the suspension of redemptions/withdrawals or the institution of gates on redemptions/withdrawals, at the discretion of the Underlying Funds portfolio managers.

As a result, the Master Funds may not be able to redeem/withdraw from an investment in an Underlying Fund depending on the provisions of the respective Underlying Funds' offering documents and any negotiated liquidity agreements between the Master Funds and the Underlying Funds without continued exposure to changes in valuations, which could be material. As of December 31, 2017, the Foundation submitted notice to the limited partnership to withdrawal 100% of the capital account.

**The Community Foundation of Sarasota County, Inc.  
and its Subsidiaries and Support Organizations**

Notes to Combined Financial Statements (Continued)

June 30, 2020 and 2019

**6. Property and Equipment**

Property and equipment consists of the following at June 30:

	<b>2020</b>	<b>2019</b>
Land and land improvements	\$ 1,456,663	\$ 1,456,663
Buildings and improvements	3,841,561	3,824,401
Furniture and equipment	414,233	392,942
	5,712,457	5,674,006
Less accumulated depreciation	2,067,970	1,918,414
Total property and equipment, net	\$ 3,644,487	\$ 3,755,592

Depreciation expense for the years ended June 30, 2020 and 2019 was \$149,558 and \$218,271, respectively.

**7. Agency Endowment Activity**

The Foundation holds agency endowment funds on behalf of other nonprofit organizations. The following is a summary of the activity for the years ended June 30:

	<b>2020</b>	<b>2019</b>
Agency funds, beginning of year	\$ 42,169,359	\$ 40,983,578
Contributions	1,200,904	1,821,665
Investment income	1,105,338	1,207,490
Realized and unrealized gain on investments	12,077	1,010,301
Grants	(2,316,834)	(2,752,341)
Investment and administrative fees	(95,664)	(102,932)
Transfers	-	1,598
Agency funds, end of year	\$ 42,075,180	\$ 42,169,359

The amounts reflected in the combined statement of activities for the years ended June 30, 2020 and 2019 are presented net of the activity summarized above related to agency endowments.

**8. Net Asset Classifications**

The Foundation's net assets have been classified into the following categories as of June 30:

	<b>2020</b>	<b>2019</b>
Without Donor Restrictions	\$ 336,611,066	\$ 335,108,952
With Donor Restrictions		
Restricted for the Passage of Time	11,295,711	13,155,808
Restricted in Perpetuity for Endowment	22,873,255	19,577,636
Total With Donor Restrictions	34,168,966	32,733,444
Total Net Assets	\$ 370,780,032	\$ 367,842,396

During the years ended June 30, 2020 and 2019, the Foundation released net assets with donor restrictions of \$1,629,958 and \$3,194,459, respectively.

**The Community Foundation of Sarasota County, Inc.  
and its Subsidiaries and Support Organizations**

Notes to Combined Financial Statements (Continued)

June 30, 2020 and 2019

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**9. Affiliated Organizations' Net Assets**

At June 30, 2020 and 2019, the organizations included in the combined financial statements had net assets as follows:

	<b>2020</b>	<b>2019</b>
The Community Foundation of Sarasota County, Inc.	\$ 316,025,774	\$ 313,773,193
Community Foundation Trust of Sarasota County	13,458,865	13,809,049
Wetherington Foundation, Inc.	1,684,298	1,777,359
Manatee Community Foundation, Inc.	39,611,095	38,482,795
Total	\$ 370,780,032	\$ 367,842,396

**10. Functional Expenses**

Functional expenses are those expenses incurred by the Foundation in the accomplishment of its stated mission. They can further be categorized as follows:

- Initiatives and program services, including awarded grants, services to other non-profits, community programs, philanthropic leadership, and civic leadership;
- Development and fundraising, including originating and maintaining relationships with donors; and
- Management and general, including expenses that benefit the Foundation as an entity and the management and accounting for funds.

The cost of providing the various program and supporting services have been summarized on a functional basis in the combined statements of activities. This statement reflects expenses that are attributed to more than one program or supporting function. Accordingly, certain expenses require allocation on a reasonable and consistent basis among the programs and supporting services benefited. The expenses that are allocated include occupancy expenses which are allocated on the basis of square footage and compensation and other expenses which are allocated on the basis of estimate of time and effort.

The costs of providing program and support services for the year ended June 30, 2020 was \$5,857,198 which is not specifically attributable to particular components of the activities. These costs were allocated as follows:



**The Community Foundation of Sarasota County, Inc.  
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Notes to Combined Financial Statements (Continued)

June 30, 2020 and 2019

**10. Functional Expenses (Continued)**

	<u>Program</u>	<u>Management &amp; General</u>	<u>Development</u>	<u>Total</u>
Grants and scholarships	\$ 48,901,018	\$ -	\$ -	\$ 48,901,018
Initiatives and program services	369,928	-	-	369,928
Communications and marketing	47,009	-	188,036	235,045
Compensation and benefits	1,233,237	1,094,671	1,136,241	3,464,149
Donor relations and events	-	-	194,933	194,933
Insurance	24,088	21,381	22,193	67,662
Occupancy expenses	264,448	59,825	62,097	386,370
Professional fees and contract Services	450,742	72,194	74,936	597,872
Professional memberships	15,665	13,905	14,432	44,002
Software, licenses and support	48,840	43,353	44,999	137,192
Staff development and recruiting expenses	42,033	37,310	38,728	118,071
Supplies and office expenses	50,835	45,123	46,836	142,794
Other expenses	45,800	52,142	1,238	99,180
<b>Total Functional Expenses</b>	<b>\$ 51,493,643</b>	<b>\$ 1,439,904</b>	<b>\$ 1,824,669</b>	<b>\$ 54,758,216</b>

The costs of providing program and support services for the year ended June 30, 2019 was \$5,115,834 which is not specifically attributable to particular components of the activities. These costs were allocated as follows:

	<u>Program</u>	<u>Management &amp; General</u>	<u>Development</u>	<u>Total</u>
Grants and scholarships	\$ 21,484,148	\$ -	\$ -	\$ 21,484,148
Initiatives and program services	277,973	-	-	277,973
Communications and marketing	43,022	-	172,086	215,108
Compensation and benefits	967,470	1,001,280	1,133,109	3,101,859
Donor relations and events	-	-	257,837	257,837
Insurance	40,280	41,688	47,177	129,145
Occupancy expenses	289,305	69,037	78,126	436,468
Professional fees and contract Services	57,656	59,671	67,526	184,853
Professional memberships	14,196	14,692	16,625	45,513
Software, licenses and support	38,404	39,746	44,980	123,130
Staff development and recruiting expenses	48,043	49,722	56,267	154,032
Supplies and office expenses	44,397	45,948	51,998	142,343
Other expenses	47,573	-	-	47,573
<b>Total Functional Expenses</b>	<b>\$ 23,352,467</b>	<b>\$ 1,321,784</b>	<b>\$ 1,925,731</b>	<b>\$ 26,599,982</b>

# The Community Foundation of Sarasota County, Inc. and its Subsidiaries and Support Organizations

Notes to Combined Financial Statements (Continued)

June 30, 2020 and 2019

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## 11. Retirement Plans

Effective January 1, 2014, the Foundation amended their 401(k) Profit Sharing Plan and Trust to a Safe Harbor 401(k) Plan. The Plan provides for a 401(k) Safe Harbor Matching Contribution and a discretionary Profit Sharing Contribution by the Foundation for eligible employees. For the years ended June 30, 2020 and 2019, employer contributions of \$169,457 and \$148,183, respectively, were made to the Safe Harbor 401(k) Plan.

Additionally, Manatee Community Foundation, Inc. has established a Simplified Employee Pension (SEP) IRA plan. The Plan provides for contributions by the Foundation, as well as rollover contributions. For the years ended June 30, 2020 and 2019, employer contributions of \$18,321 and \$14,149, respectively, were recognized for the SEP IRA plan.

## 12. Advertising Expense

Advertising costs are expensed as incurred or expensed the first time the advertising takes place. Advertising expense for the years ended June 30, 2020 and 2019 totaled \$192,295 and \$174,532, respectively.

## 13. Endowments

The Foundation's endowment consists of funds established for a variety of donor-restricted purposes as well as funds classified as board designated endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

### Interpretation of Relevant Law

The Board of Directors has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions that are perpetual in nature (a) the original value of gifts donated to the perpetual endowment, and, (b) the original value of subsequent gifts to the perpetual endowment. Any portion of the endowment, including investment income, which is not classified as net assets with donor restrictions that are perpetual in nature, is to be classified as net assets with donor restrictions until it is appropriated for expenditure.

### Return Objectives and Risk Parameters

The Foundation has adopted investment policies and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for donor-specified periods. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce a long-term rate of return on assets that will support its spending policy and maintain or grow the real value of the portfolio.

### Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

**The Community Foundation of Sarasota County, Inc.  
and its Subsidiaries and Support Organizations**

Notes to Combined Financial Statements (Continued)

June 30, 2020 and 2019

**13. Endowments (Continued)**

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

The Foundation has a policy of appropriating for distribution a percentage of its endowment funds' average fair value over the period of 12 quarters through the fiscal year end proceeding the fiscal year in which the distribution is planned. For the years ended June 30, 2020 and 2019, the authorized distribution rate was 4.5%. In establishing this policy, the Foundation considered the long-term expected return on its endowment. The Foundation's objective is to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as provide for additional real growth through new gifts and investment return.

**Net Assets**

During the year ended June 30, 2020, the Foundation had the following endowment-related activities:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 254,662,741	\$ 23,082,002	\$ 277,744,743
Investment return, net	4,843,409	386,477	5,229,886
Contributions	6,625,536	1,923,329	8,548,865
Split-interest agreement maturity	-	1,423,900	1,423,900
Amounts appropriated for expenditure	(13,558,052)	(1,541,448)	(15,099,500)
Other changes	(42,967)	-	(42,967)
Changes in endowment net assets	<u>(2,132,074)</u>	<u>2,192,258</u>	<u>60,184</u>
Endowment net assets, end of year	<u>\$ 252,530,667</u>	<u>\$ 25,274,260</u>	<u>\$ 277,804,927</u>

During the year ended June 30, 2019, the Foundation had the following endowment-related activities:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 248,760,873	\$ 16,986,188	\$ 265,747,061
Investment return, net	12,336,023	2,420,961	14,756,984
Contributions	10,371,615	297	10,371,912
Amounts appropriated for expenditure	(11,620,985)	(1,510,229)	(13,131,214)
Other changes	(5,184,785)	5,184,785	-
Changes in endowment net assets	<u>5,901,868</u>	<u>6,095,814</u>	<u>11,997,682</u>
Endowment net assets, end of year	<u>\$ 254,662,741</u>	<u>\$ 23,082,002</u>	<u>\$ 277,744,743</u>

**The Community Foundation of Sarasota County, Inc.  
and its Subsidiaries and Support Organizations**

Notes to Combined Financial Statements (Continued)

June 30, 2020 and 2019

**13. Endowments (Continued)**

**Net Assets (Continued)**

As of June 30, 2020, the composition of the Foundation's endowment funds were as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Donor Restricted Endowment Funds:</b>			
Restricted for the passage of time	\$ -	\$ 2,529,213	\$ 2,529,213
Restricted in perpetuity for endowment	-	22,745,047	22,745,047
Total Donor Restricted Endowment Funds	<u>-</u>	<u>25,274,260</u>	<u>25,274,260</u>
<b>Board Designated Endowment Funds:</b>			
Donor advised	\$ 25,237,221	\$ -	\$ 25,237,221
Designated	63,104,187	-	63,104,187
Field of interest	100,163,717	-	100,163,717
Operating/Building	6,957,763	-	6,957,763
Scholarship	22,496,291	-	22,496,291
Undesignated	34,571,488	-	34,571,488
Total Board Designated	<u>252,530,667</u>	<u>-</u>	<u>252,530,667</u>
Total Endowment Funds	<u>\$ 252,530,667</u>	<u>\$ 25,274,260</u>	<u>\$ 277,804,927</u>

As of June 30, 2019, the composition of the Foundation's endowment funds were as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Donor Restricted Endowment Funds:</b>			
Restricted for the passage of time	\$ -	\$ 3,632,772	\$ 3,632,772
Restricted in perpetuity for endowment	-	19,449,230	19,449,230
Total Donor Restricted Endowment Funds	<u>-</u>	<u>23,082,002</u>	<u>23,082,002</u>
<b>Board Designated Endowment Funds:</b>			
Donor advised	\$ 26,164,917	\$ -	\$ 26,164,917
Designated	62,569,680	-	62,569,680
Field of interest	103,134,489	-	103,134,489
Operating/Building	5,930,569	-	5,930,569
Scholarship	21,770,523	-	21,770,523
Undesignated	35,092,559	-	35,092,559
Total Board Designated	<u>254,662,741</u>	<u>-</u>	<u>254,662,741</u>
Total Endowment Funds	<u>\$ 254,662,741</u>	<u>\$ 23,082,002</u>	<u>\$ 277,744,743</u>

**The Community Foundation of Sarasota County, Inc.  
and its Subsidiaries and Support Organizations**

Notes to Combined Financial Statements (Continued)

June 30, 2020 and 2019

**13. Endowments (Continued)**

**Net Assets (Continued)**

In addition to the endowed funds, the Foundation also manages non-endowed funds. The following table summarizes all Foundation net assets as of June 30, 2020:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment Funds	\$ 252,530,667	\$ 25,274,260	\$ 277,804,927
Non-Endowment Funds without Donor Restrictions:			
Donor Advised	\$ 62,230,932	\$ -	\$ 62,230,932
Designated	7,673,433	-	7,673,433
Field of Interest	5,389,107	-	5,389,107
Operating/Building	6,166,230	-	6,166,230
Scholarship	781,250	-	781,250
Undesignated	419,541	-	419,541
	<u>82,660,493</u>	<u>-</u>	<u>82,660,493</u>
Split-interest agreements and gift annuities	1,419,906	8,894,706	10,314,612
Total Net Assets	<u>\$ 336,611,066</u>	<u>\$ 34,168,966</u>	<u>\$ 370,780,032</u>

In addition to the endowed funds, the Foundation also manages non-endowed funds. The following table summarizes all Foundation net assets as of June 30, 2019:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment Funds	\$ 254,662,741	\$ 23,082,002	\$ 277,744,743
Non-Endowment Funds without Donor Restrictions:			
Donor Advised	\$ 60,779,863	\$ -	\$ 60,779,863
Designated	5,201,504	-	5,201,504
Field of Interest	4,324,335	-	4,324,335
Operating/Building	6,843,096	-	6,843,096
Scholarship	780,140	-	780,140
Undesignated	513,824	-	513,824
	<u>78,442,762</u>	<u>-</u>	<u>78,442,762</u>
Split-interest agreements and gift annuities	2,003,449	9,651,442	11,654,891
Total Net Assets	<u>\$ 335,108,952</u>	<u>\$ 32,733,444</u>	<u>\$ 367,842,396</u>

**The Community Foundation of Sarasota County, Inc.  
and its Subsidiaries and Support Organizations**

Notes to Combined Financial Statements (Continued)

June 30, 2020 and 2019

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**13. Endowments (Continued)**

**Funds with Deficiencies**

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments).

The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required by law.

At June 30, 2020, funds with deficiencies of \$460,906 were reported in net assets with donor restrictions.

Fair value of underwater endowment funds	\$ 7,663,402
Original endowment gift amount	8,124,308
Deficiencies of underwater endowment funds	<u>\$ (460,906)</u>

At June 30, 2019, funds with deficiencies of \$364,489 were reported in net assets with donor restrictions.

Fair value of underwater endowment funds	\$ 1,965,053
Original endowment gift amount	2,329,542
Deficiencies of underwater endowment funds	<u>\$ (364,489)</u>

**14. Transfers**

The Foundation reviewed their split-interest agreements and endowment net assets during the year ended June 30, 2019. This review resulted in a transfer from net assets without donor restrictions to net assets with donor restrictions of \$6,984,358. This transfer had no effect on the change in net assets previously reported. The accompanying combined financial statements have been adjusted to reflect this change. During the year ended June 30, 2020 the Foundation transferred \$74,469 from net assets without donor restrictions to net assets with donor restrictions to cover declines in certain charitable gift annuity assets.

**15. Concentrations of Credit and Economic Risk**

Financial instruments, which potentially subject the Foundation to concentrations of credit risk, consist principally of cash and cash equivalents, and investments. The Foundation places its cash and cash equivalents with high credit quality financial institutions. During the year, the Foundation may have deposits with financial institutions which exceed the FDIC insured limit.

The Foundation invests in a variety of investment vehicles, as described in Note 5. These investment securities are exposed to interest rate, market, credit and other risks depending on the nature of the specific investment. Accordingly, it is reasonably possible that these factors will result in changes in the value of the Foundation's investments, which could materially affect amounts reported in the combined financial statements.

# **The Community Foundation of Sarasota County, Inc. and its Subsidiaries and Support Organizations**

Notes to Combined Financial Statements (Continued)

June 30, 2020 and 2019

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## **16. Related Party Transactions**

A board member of the Community Foundation of Sarasota County holds a key position at a financial institution with which the Foundation holds significant cash and investments. The board member is not the investment manager of the Foundation's funds at this institution. The Foundation paid \$260,483 and \$274,445 in investment fees for the years ended June 30, 2020 and 2019, respectively. A second board member holds a key position at a company that provides local advertising opportunities to the Foundation. The Foundation paid \$14,945 and \$13,394 for advertising services to this company for the years ended June 30, 2020 and 2019, respectively.

A board member of the Manatee Community Foundation provides investment management services to the Foundation. The Foundation paid approximately \$13,700 and \$25,000 in investment fees for the years ended June 30, 2020 and 2019, respectively. A second MCF board member's company provided air and electrical services to the Foundation. The Foundation paid approximately \$390 and \$225 for the air and electrical services for the years ended June 30, 2020 and 2019, respectively. A third MCF board member's company provided various legal services to the Foundation. The Foundation paid \$8,832 and \$0 for the various legal services for the years ended June 30, 2020 and 2019, respectively.

From time to time, board members make pledges and contributions to the Foundation. Certain board members, staff and family members of board and staff are also on nonprofit boards that receive grants from the Foundation. All board members and staff are required to complete and sign conflict of interest forms annually and to adhere to the Conflict of Interest Policy.

## **17. Subsequent Events**

The Foundation has evaluated all events subsequent to the combined statement of financial position date of June 30, 2020 through the date these statements were available for issuance, December 10, 2020, and have determined that there are no subsequent events that require disclosure under the FASB Accounting Standards Codification.