

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION
FROM THE YEAR ENDED JUNE 30, 2015)**

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

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

Report on the Financial Statements

We have audited the accompanying financial statements of Community Foundation of Collier County, Inc. (the Foundation), which comprise the statement of financial position as of June 30, 2016, 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, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Community Foundation of Collier County, Inc.'s 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 8, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of program and supporting services on page 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 25, 2016

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2015)

	2016	2015
ASSETS		
Cash and Cash Equivalents	\$ 488,574	\$ 2,572,890
Cash and Cash Equivalents Held for Investment	13,201,535	14,995,080
Accrued Interest Receivable	114,467	174,108
Investments	103,778,876	84,265,860
Other Receivables	4,809	7,039
Pledges Receivable	805,885	936,340
Split-Interest Agreements	1,752,467	2,251,971
Beneficial Interest Agreement	34,347	37,286
Property and Equipment, Net	2,260,997	1,512,993
Other Assets	61,872	49,047
Total Assets	\$ 122,503,829	\$ 106,802,614
LIABILITIES AND NET ASSETS		
LIABILITIES		
Grants Payable	\$ 231,691	\$ 661,831
Accrued Expenses	55,479	73,129
Funds Held For Agencies	40,320,435	24,960,772
Annuity Obligations	547,866	534,295
Line of Credit	406,950	745,000
Total Liabilities	41,562,421	26,975,027
NET ASSETS		
Unrestricted		
Board-Designated Endowment:		
Designated for Specific Nonprofits	16,788,956	17,678,764
Designated for Grantmaking	11,218,025	12,206,050
Administrative and Program Endowment	1,379,146	1,471,485
Scholarship	4,068,953	3,798,555
Field of Interest	4,558,734	4,295,173
Total Board-Designated Endowment	38,013,814	39,450,027
Donor Advised	37,473,708	35,290,610
Operating and Unrestricted Reserve	466,248	738,017
Property and Equipment	2,260,997	1,512,993
Total Unrestricted Net Assets	78,214,767	76,991,647
Temporarily Restricted		
Campaigns and Projects	939,827	546,683
Split-Interest Agreements	1,752,467	2,251,971
Beneficial Interest Agreement	34,347	37,286
Total Temporarily Restricted Net Assets	2,726,641	2,835,940
Total Net Assets	80,941,408	79,827,587
Total Liabilities and Net Assets	\$ 122,503,829	\$ 106,802,614

See accompanying Notes to Financial Statements.

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2015)

	Unrestricted	Temporarily Restricted	Total	
			2016	2015
SUPPORT AND REVENUES				
Contributions	\$ 13,954,906	\$ 895,438	\$ 14,850,344	\$ 15,869,944
Investment Return	(2,580,018)	-	(2,580,018)	1,118,673
Special Events, Net	489,659	-	489,659	176,220
Administrative Fees - Agency Funds	72,703	-	72,703	33,532
Miscellaneous Income	20,690	-	20,690	27,545
Total Support and Revenues	11,957,940	895,438	12,853,378	17,225,914
Net Assets Released from Restrictions	893,113	(893,113)	-	-
Total Support, Revenues, and Reclassifications	12,851,053	2,325	12,853,378	17,225,914
EXPENSES				
Program Services				
Grants	9,993,302	-	9,993,302	8,472,192
Women's Foundation of Collier County	64,034	-	64,034	66,575
Donor Services Program	364,433	-	364,433	371,635
Unrestricted Grants Program	296,957	-	296,957	299,230
Total Program Services	10,718,726	-	10,718,726	9,209,632
Supporting Services				
Development	292,614	-	292,614	309,950
Management and General	455,033	-	455,033	352,372
Total Supporting Services	747,647	-	747,647	662,322
Total Expenses	11,466,373	-	11,466,373	9,871,954
Change in Value of Beneficial Interest Agreement	-	(2,939)	(2,939)	(4,431)
Change in Value of Split-Interest Agreements and Annuity Obligations	(94,570)	(175,675)	(270,245)	(140,432)
CHANGE IN NET ASSETS	1,290,110	(176,289)	1,113,821	7,209,097
Net Assets Reclassified to Restricted	(66,990)	66,990	-	-
Net Assets - Beginning of Year	76,991,647	2,835,940	79,827,587	72,618,490
NET ASSETS - END OF YEAR	<u>\$ 78,214,767</u>	<u>\$ 2,726,641</u>	<u>\$ 80,941,408</u>	<u>\$ 79,827,587</u>

See accompanying Notes to Financial Statements.

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2015)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Contributions	\$ 5,353,473	\$ 7,189,348
Cash Received from Interest and Dividends	2,018,200	1,875,609
Cash Received from Agency Transactions	4,826,612	14,299,823
Cash Paid for Grants	(10,082,234)	(8,273,734)
Cash Paid for Other Expenses	(1,452,952)	(1,386,944)
Other Cash Receipts	616,702	237,297
Net Cash Provided by Operating Activities	1,279,801	13,941,399
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	33,791,594	29,978,589
Purchase of Investments	(38,588,665)	(34,526,843)
Purchase of Property and Equipment	(797,721)	(1,508,437)
Net Cash Used by Investing Activities	(5,594,792)	(6,056,691)
CASH FLOWS FROM FINANCING ACTIVITIES		
Collections of Contributions Restricted for Property and Equipment	566,000	167,046
Proceeds from Line of Credit	434,000	745,000
Payments on Line of Credit	(772,050)	-
Payments to Beneficiaries of Annuity Obligations	(114,649)	(116,283)
Proceeds from Split-Interest Agreements	323,829	14,250
Net Cash Provided by Financing Activities	437,130	810,013
NET CHANGE IN CASH AND CASH EQUIVALENTS	(3,877,861)	8,694,721
Cash and Cash Equivalents - Beginning of Year	17,567,970	8,873,249
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 13,690,109	\$ 17,567,970
Cash and Cash Equivalents	\$ 488,574	\$ 2,572,890
Cash and Cash Equivalents Held for Investment	13,201,535	14,995,080
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 13,690,109	\$ 17,567,970

See accompanying Notes to Financial Statements.

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2015)

RECONCILIATION OF CHANGE IN NET ASSETS TO CASH PROVIDED BY OPERATING ACTIVITIES	2016	2015
Change in Net Assets	\$ 1,113,821	\$ 7,209,097
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
(Gain) Loss on Sale of Investments	564,023	(1,819,852)
Net Depreciation in Fair Value of Investments	4,498,193	2,765,468
Present Value Discount of Pledges Receivable	877	3,660
Depreciation	49,717	9,533
Contributions Restricted for Property and Equipment	-	(1,057,046)
Change in Value of Split-Interest Agreements and Annuity Obligations	270,245	140,432
Change in Value of Beneficial Interest Agreement	2,939	4,431
Contributed Securities	(19,778,161)	(14,399,063)
(Increase) Decrease in:		
Accrued Interest Receivable	59,641	(140,800)
Other Receivables	2,230	(7,039)
Pledges Receivable	(436,422)	(50,000)
Other Assets	(12,825)	9,193
Increase (Decrease) in:		
Grants Payable	(430,140)	587,929
Accrued Expenses	(17,650)	(9,568)
Funds Held For Agencies	15,359,663	20,695,024
Annuity Obligations	33,650	-
Net Cash Provided by Operating Activities	\$ 1,279,801	\$ 13,941,399

See accompanying Notes to Financial Statements.

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2015)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Community Foundation of Collier County, Inc. (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 (Board).

Basis of Accounting

The accounts of the Foundation are maintained, and the accompanying financial statements have been prepared, on the accrual basis of accounting. Accordingly, assets are recorded when the Foundation obtains the rights of ownership or is entitled to claims for receipt and liabilities are recorded when the obligation is incurred.

Financial Statement Presentation

The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Unrestricted net assets are defined as assets that are free of donor-imposed restrictions, and include all investment income and appreciation not subject to donor-imposed restrictions, as discussed below. Temporarily restricted net assets are net assets whose use has been limited by donor-imposed time or purpose restrictions. Permanently restricted net assets are defined as net assets required by the donor restrictions or law to be maintained by the Foundation in perpetuity. The Foundation had no permanently restricted net assets at June 30, 2016. The Foundation reflects restricted contributions whose restrictions are met in the same reporting period as unrestricted support.

Accounting principles generally accepted in the United States of America provide that if the governing body of an organization has unilateral power to redirect the use of a donor's contribution to another beneficiary, such contributions must be classified as unrestricted net assets. The Foundation's Board has that ability (i.e., variance power); however, it would only exercise this authority if circumstances render the donor's requests unnecessary, undesirable, impracticable, impossible, or incapable of fulfillment. Accordingly, the Foundation's financial statements classify substantially all amounts as unrestricted.

Liquidity

Assets are presented in the accompanying statement of financial position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

Cash and Cash Equivalents

For purposes of these financial statements, the Foundation considers all unrestricted bank accounts, money market funds, and short-term investments with a maturity of three months or less when purchased to be cash equivalents. The Foundation maintains bank accounts with balances which, at times, may exceed federally insured limits.

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2015)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments in securities, mutual funds, corporate bonds, and government bonds are carried at fair value determined by quoted prices on the last business day of the year. Investments in alternative investment funds that are not readily tradable are carried at an estimated fair value at the end of the period, as determined by management based upon financial statements, third-party pricing services, and other financial information reported by the administrator of the underlying investment funds.

Donated investments are recorded at fair value at the date of receipt. Investment income may be either unrestricted or temporarily restricted resources when earned, determined according to donor-imposed restrictions. The Foundation follows a total return concept with regard to investments; as such, unrealized appreciation or depreciation on temporarily restricted net assets is considered to be unrestricted.

Split-Interest Agreements

The Foundation's split-interest agreements with donors consist of charitable remainder trusts and charitable lead trusts. Gains or losses resulting from changes in actuarial assumptions and accretions of the discount are recorded as increases or decreases in the value of split-interest agreements in the statement of activities.

Beneficial Interest Agreement

The Foundation's beneficial interest agreement consists of a charitable gift annuity where the annuity is the obligation of a different charity. Upon the charity's satisfaction of its obligation, the entire residuum will be distributed to the Foundation. This designation is irrevocable. Gains or losses resulting from changes in actuarial assumptions and accretions of the discount are recorded as increases or decreases in the value of beneficial interest agreement in the statement of activities.

Property and Equipment, Net

Property and equipment are capitalized at cost, if purchased or at fair value at the time of contribution, on items valued at more than \$2,500 with a life greater than one year. Depreciation is computed utilizing the straight-line method over the estimated useful lives of the respective assets ranging from 5 to 35 years.

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2015)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Funds Held For Agencies

The Foundation has adopted accounting standards for transactions in which a community foundation accepts a contribution from a not-for-profit organization and agrees to transfer those assets, the return on investment of those assets, or both, back to the not-for-profit organization. The standards specifically require that if a not-for-profit organization establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability rather than as a contribution. The Foundation refers to such funds as agency funds. As of June 30, 2016, the Foundation held 106 agency funds.

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

Annuity Obligations

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

Contributions

The Foundation accounts for all contributions in accordance with the donor's original intent as provided for in the gift instruments in classifications of contributions listed below. The items are reflected as unrestricted due to the Board's variance power in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2015)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions (Continued)

Donor Advised Funds – Represents funds for which the donor wishes to be actively involved in choosing the organizations that receive grants from the fund. However, ultimate responsibility and discretion for making such distributions remains with the Board.

Operating Funds – Represents operating funds and operating reserves, as well as amounts required by Florida state law for the Charitable Gift Annuity Program.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the schedule of program and supporting services. Accordingly, pass-through funds and grants have been allocated directly to program services and the remaining costs have been allocated both directly and indirectly to either program or supporting services based on time studies performed by management.

Fair Value Measurements

The Foundation categorizes its assets and liabilities, measured at fair value, into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.

Level 2 – Financial assets and liabilities are valued using inputs which are quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data. Level 2 includes private collateralized mortgage obligations, municipal bonds, corporate debt securities, and venture capital funds.

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2015)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (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, 2016, the Foundation has not recognized donated services in the statement of activities.

Income Taxes

The Internal Revenue Service (IRS) has determined the Foundation to be exempt from income taxes under the provisions of Internal Revenue Code Section 501(c)(3). In addition, the Foundation has been determined by the IRS to be other than a private foundation within the meaning of Section 509(a) of the Code. Accordingly, no provision for income taxes has been made in these financial statements.

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

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

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2015)

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, 2015, 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 25, 2016, the date the financial statements were available to be issued.

NOTE 2 INVESTMENTS

Investments at June 30, 2016, are composed of the following:

	<u>Cost</u>	<u>Value</u>
Domestic Equities	\$ 40,607,054	\$ 43,716,210
International Equities	25,653,330	24,381,832
Fixed Income	19,642,570	19,628,880
Structured Investments	164,100	80,670
Hedge Funds	7,249,224	8,650,709
Private Equity	6,004,163	5,444,394
Real Estate Investment Funds	1,375,000	1,733,334
Commodity Funds	167,208	142,847
	<u>\$ 100,862,649</u>	<u>\$ 103,778,876</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, 2016.

The Foundation invests in a variety of investments. In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statement of financial position.

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2015)

NOTE 2 INVESTMENTS (CONTINUED)

The following tabulation summarizes unrealized and realized gains and losses for the year ended June 30, 2016:

	<u>Cost</u>	<u>Market Value</u>	<u>Excess of Fair Value Over Cost</u>
Balance, June 30, 2015	\$ 76,851,440	\$ 84,265,860	\$ 7,414,420
Balance, June 30, 2016	100,862,649	103,778,876	2,916,227
Decrease in Unrealized Appreciation			(4,498,193)
Net Realized Loss on Investments			(564,023)
			<u>\$ (5,062,216)</u>

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

The following is a detailed summary of investment return:

Dividend and Interest Income	\$ 2,357,872
Loss on Sale of Investments	(564,023)
Investment Fees	(399,314)
Net Change in Fair Value of Investments	(4,498,193)
Add Investment Loss Allocated to Agency Funds	523,640
Net Investment Loss	<u>\$ (2,580,018)</u>

NOTE 3 PLEDGES RECEIVABLE

Pledges receivable as of June 30, 2016 consist of and are expected to be collected as follows:

Promises to Give	\$ 810,422
Less: Discount to Net Present Value	(4,537)
	<u>\$ 805,885</u>
1 Year or Less	\$ 599,743
2 to 5 Years	206,142
	<u>\$ 805,885</u>

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2015)

NOTE 4 SPLIT- INTEREST AGREEMENTS

The Foundation is an irrevocable beneficiary of one charitable lead trust and three 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 \$1,752,467 has been recorded, as of June 30, 2016 at the present value of the estimated future benefits to be received once the assets are distributed, using a discount rate of 1.8% 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, 2016, consists of the following:

Building	\$ 2,104,610
Office Equipment	203,381
	2,307,991
Less: Accumulated Depreciation	(46,994)
	\$ 2,260,997

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, 2016, grants payable in one year or less amount to \$231,691.

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, 2016, of \$547,866, represents the present value of future cash flows expected to be paid to the donors. During the year ended June 30, 2016, the Foundation entered into an annuity agreement obligation of \$31,011. Payments to beneficiaries for the year ended June 30, 2016 totaled \$114,649.

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, 2016, the Foundation is in compliance with the State statutes.

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2015)

NOTE 8 LINE OF CREDIT

Line of credit at June 30, 2016 consists of the following:

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

\$ 406,950

NOTE 9 BOARD-DESIGNATED ENDOWMENT FUNDS

Endowment as of June 30, 2016 consists of unrestricted board-designated endowment funds totaling \$38,013,814.

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, 2016 and during the year then ended is as follows:

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2015)

NOTE 9 BOARD-DESIGNATED ENDOWMENT FUNDS (CONTINUED)

Endowment Net Assets, June 30, 2015	\$ 39,450,027
Investment Return	
Investment Income	892,973
Investment Expenses	(174,177)
Net Appreciation (Depreciation)	(1,838,350)
Total Investment Return	<u>(1,119,554)</u>
Contributions	4,117,870
Amounts Appropriated for Expenditures	<u>(4,434,529)</u>
Endowment Net Assets, June 30, 2016	<u><u>\$ 38,013,814</u></u>

Investment Policies

The Foundation has established an investment policy to determine investment or reinvestment of the assets in accordance with such guidelines, policies and procedures that are authorized by the Board. These guidelines, policies and procedures shall attempt to provide a predictable stream of funding to programs supported by the board-designated endowment fund.

Spending Policy

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

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COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2015)

NOTE 10 FAIR VALUE MEASUREMENTS

The Foundation uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. For additional information on how the Foundation measures fair value, refer to Note 1 – Summary of Significant Accounting Policies. The following table presents the fair value hierarchy for the balances of the assets of the Foundation measured at fair value on a recurring basis as of June 30, 2016:

	Level 1	Level 2	Level 3	Total
Assets:				
Investments:				
Domestic Equities	\$ 43,716,210	\$ -	\$ -	\$ 43,716,210
International Equities	24,381,832	-	-	24,381,832
Fixed Income	12,194,266	7,434,614	-	19,628,880
Structured Investments	-	80,670	-	80,670
Hedge Funds	-	-	8,650,709	8,650,709
Private Equity	-	-	5,444,394	5,444,394
Real Estate Investment Funds	-	-	1,733,334	1,733,334
Commodity Funds	142,847	-	-	142,847
Total Investments	<u>\$ 80,435,155</u>	<u>\$ 7,515,284</u>	<u>\$ 15,828,437</u>	<u>\$ 103,778,876</u>
Split-Interest Agreements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,752,467</u>	<u>\$ 1,752,467</u>
Beneficial Interest Agreement	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,347</u>	<u>\$ 34,347</u>
Liabilities:				
Annuity Obligations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 547,866</u>	<u>\$ 547,866</u>
Level 3 Hedge Funds:				
Balance at June 30, 2015				\$ 9,751,893
Gain on Sale of Investments				214,078
Unrealized Loss on Investments				(1,260,527)
Proceeds from Sale of Investments				(2,179,911)
Purchases of Investments				2,125,176
Balance at June 30, 2016				<u>\$ 8,650,709</u>
Level 3 Private Equity:				
Balance at June 30, 2015				\$ 4,446,881
Unrealized Loss on Investments				(310,009)
Proceeds from Sale of Investments				(116,581)
Purchases of Investments				1,424,103
Balance at June 30, 2016				<u>\$ 5,444,394</u>

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2015)

NOTE 10 FAIR VALUE MEASUREMENTS (CONTINUED)

Level 3 Real Estate:	
Balance at June 30, 2015	\$ 1,541,109
Unrealized Gain on Investments	42,225
Purchases of Investments	150,000
Balance at June 30, 2016	<u>\$ 1,733,334</u>
Level 3 Split-Interest Agreements:	
Balance at June 30, 2015	\$ 2,251,971
Change in Fair Value of Split-Interest Agreements	(175,675)
Split-Interest Agreement Payments	(323,829)
Balance at June 30, 2016	<u>\$ 1,752,467</u>
Level 3 Beneficial Interest Agreement:	
Balance at June 30, 2015	\$ 37,286
Change in Fair Value of Beneficial Interest Agreement	(2,939)
Balance at June 30, 2016	<u>\$ 34,347</u>
Level 3 Annuity Obligations:	
Balance at June 30, 2015	\$ 534,295
Payments Made to Beneficiaries	(114,649)
New Contracts	31,011
Matured Contracts	(8,125)
Change in Fair Value of Annuity Obligations	105,334
Balance at June 30, 2016	<u>\$ 547,866</u>

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

Level 3 hedge funds, private equities, fixed income and real estate funds are measured at fair value with a valuation technique utilizing market prices at the close of the last business day for the statement period, provided by the investment advisors. Split-interest agreements, beneficial interest agreements, and annuity obligations are measured at fair value with a valuation technique utilizing estimated payout percentages, life expectancies, and IRS remainder factors.

COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2015)

NOTE 10 FAIR VALUE MEASUREMENTS (CONTINUED)

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

	Net Asset Value	Investment Objective	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Hedge Fund Investments				
Hedge Funds of Funds	\$ 1,696,897	Diversified Strategies	Quarterly	45 to 60 Days
Hedge Funds of Funds	\$ 1,134,873	Diversified Strategies	Eligible on 7/1/17	N/A
Hedge Funds	\$ 2,298,522	Event Driven	Quarterly to Annually	60 to 70 Days
Hedge Funds	\$ 1,537,058	Long/Short Equity	Quarterly	50 Days
Hedge Funds	\$ 1,287,324	Relative Value	Quarterly to Semi-Annually	95 Days
Hedge Fund	\$ 696,035	Futures	Monthly	7 Business Days
	Net Asset Value	Unfunded Commitments	Investment Objective	Term Remaining
Private Equity Investments				
Limited Partnerships -				
Private Equity Fund of Funds	\$ 159,645	\$ 188,653	Diversified Strategies	11 Years
Private Equity Funds of Funds	\$ 515,935	\$ 589,600	Buyout / Venture Capital	7-12 Years
Private Equity Funds	\$ 2,385,161	\$ 2,196,671	Leveraged Buyout	3-13 Years
Private Equity Funds	\$ 818,266	\$ 526,348	Direct Real Estate	7-11 Years
Private Equity Funds	\$ 1,272,385	\$ 2,341,215	Private Credit	1-13 Years
Private Equity Fund	\$ 293,002	\$ 253,350	Venture Capital	8-10 Years
	Net Asset Value	Investment Objective	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Real Estate Investments				
Real Estate Funds	\$ 1,733,334	Direct Real Estate	Quarterly to Semi-Annually	95 to 110 Days

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, 2016 were \$30,783.

NOTE 12 CONCENTRATIONS

During the year ended June 30, 2016, the Foundation received approximately 41% of its contribution revenue from one donor. Additionally, the Foundation received approximately 71% of its agency fund receipts from three donors.

**COMMUNITY FOUNDATION OF COLLIER COUNTY, INC.
SCHEDULE OF PROGRAM AND SUPPORTING SERVICES
FOR THE YEAR ENDED JUNE 30, 2016**

	Programs				Supporting Services			
	Grants	Women's Foundation of Collier County	Donor Services Program	Unrestricted Grants Program	Total Programs	Development	Management and General	Total Expenses
Grants Awarded	\$ 9,993,302	\$ -	\$ -	\$ -	\$ 9,993,302	\$ -	\$ -	\$ 9,993,302
Salaries and Benefits	-	54,245	271,420	226,183	551,848	180,946	226,183	958,977
Rent	-	-	30,098	25,082	55,180	20,066	42,161	117,407
Professional Services	-	3,257	25,089	20,907	49,253	22,126	56,983	128,362
Office Expense	-	10	15,037	12,221	27,268	10,081	55,147	92,496
Printing and Publications	-	3,360	7,713	-	11,073	23,138	-	34,211
Advertising	-	2,500	-	-	2,500	17,392	-	19,892
Dues and Subscriptions	-	500	-	-	500	8,814	8,814	18,128
Staff Development	-	162	15,076	12,564	27,802	10,051	16,028	53,881
Depreciation	-	-	-	-	-	-	49,717	49,717
	<u>\$ 9,993,302</u>	<u>\$ 64,034</u>	<u>\$ 364,433</u>	<u>\$ 296,957</u>	<u>\$ 10,718,726</u>	<u>\$ 292,614</u>	<u>\$ 455,033</u>	<u>\$ 11,466,373</u>