

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

COMMUNITY FOUNDATION OF TAMPA BAY, INC.

June 30, 2019

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Community Foundation of Tampa Bay, Inc.

We have audited the accompanying financial statements of Community Foundation of Tampa Bay, Inc. (a nonprofit organization) (the "Foundation"), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, cash flows and functional expenses 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.

Auditor's 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 audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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.

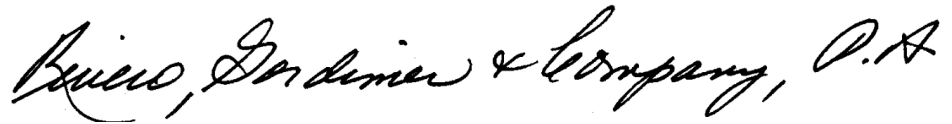
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Foundation of Tampa Bay, Inc. as of June 30, 2019, 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 the Community Foundation of Tampa Bay, Inc.'s 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 6, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Benicio, Gordinier & Company, P.A." The signature is written in black ink and is positioned to the right of the typed text.

Tampa, Florida
November 19, 2019

Community Foundation of Tampa Bay, Inc.

STATEMENT OF FINANCIAL POSITION

June 30, 2019
(With comparative total for 2018)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2019	2018
ASSETS				
Cash and cash equivalents	\$ 2,971,933	\$ -	\$ 2,971,933	\$ 2,640,995
Investments (notes B and I)	263,243,251	-	263,243,251	237,161,155
Accrued investment income	81,907	-	81,907	67,506
Accounts receivable	101,595	-	101,595	67,620
Settlement receivable (note C)	2,320,605	-	2,320,605	4,641,210
Estates in process	-	2,735,000	2,735,000	1,700,000
Investments held in charitable remainder trusts	-	4,503,438	4,503,438	4,659,326
Beneficial interest in survivor trusts	-	1,899,171	1,899,171	1,827,990
Other assets	72,414	-	72,414	83,484
Property and equipment, net of accumulated depreciation (note D)	119,475	-	119,475	167,895
Total assets	\$ 268,911,180	\$ 9,137,609	\$ 278,048,789	\$ 253,017,181
LIABILITIES AND NET ASSETS				
Accounts payable and accrued expenses	\$ 249,937	\$ -	\$ 249,937	\$ 265,162
Deferred rent obligation	105,859	-	105,859	25,939
Grants payable	898,330	-	898,330	950,709
Charitable gift annuity obligations	2,282,472	-	2,282,472	2,349,672
Liability under charitable remainder trusts	-	2,364,538	2,364,538	2,519,664
Liability for agency funds	38,306,552	-	38,306,552	34,343,404
Total liabilities	41,843,150	2,364,538	44,207,688	40,454,550
Net assets				
Without donor restrictions	227,068,030	-	227,068,030	206,894,979
With donor restrictions	-	6,773,071	6,773,071	5,667,652
Total net assets	227,068,030	6,773,071	233,841,101	212,562,631
Total liabilities and net assets	\$ 268,911,180	\$ 9,137,609	\$ 278,048,789	\$ 253,017,181

The accompanying notes are an integral part of this statement.

Community Foundation of Tampa Bay, Inc.

STATEMENT OF ACTIVITIES

For the year ended June 30, 2019
(With comparative total for 2018)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2019	2018
Revenues, gains and other support				
Contributions and bequests	\$ 33,681,519	\$ 2,535,000	\$ 36,216,519	\$ 26,439,967
Less amounts received for agency funds	(4,089,867)	-	(4,089,867)	(1,734,778)
Investment return (note B)	9,982,916	215,314	10,198,230	12,433,480
Other income	356,908	-	356,908	5,063,959
	<u>39,931,476</u>	<u>2,750,314</u>	<u>42,681,790</u>	<u>42,202,628</u>
Net assets released from restrictions	<u>1,644,895</u>	<u>(1,644,895)</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	<u>41,576,371</u>	<u>1,105,419</u>	<u>42,681,790</u>	<u>42,202,628</u>
Expenses				
Program services				
Grants awarded	20,151,869	-	20,151,869	14,762,450
Less grants made for agency funds	(1,440,937)	-	(1,440,937)	(1,433,517)
Program management	917,640	-	917,640	1,037,518
Total program services	<u>19,628,572</u>	<u>-</u>	<u>19,628,572</u>	<u>14,366,451</u>
Management and general Development	1,242,061	-	1,242,061	1,112,875
	<u>532,687</u>	<u>-</u>	<u>532,687</u>	<u>593,279</u>
Total expenses	<u>21,403,320</u>	<u>-</u>	<u>21,403,320</u>	<u>16,072,605</u>
Change in net assets	20,173,051	1,105,419	21,278,470	26,130,023
Net assets at beginning of year	<u>206,894,979</u>	<u>5,667,652</u>	<u>212,562,631</u>	<u>186,432,608</u>
Net assets at end of year	<u>\$ 227,068,030</u>	<u>\$ 6,773,071</u>	<u>\$ 233,841,101</u>	<u>\$ 212,562,631</u>

The accompanying notes are an integral part of this statement.

Community Foundation of Tampa Bay, Inc.

STATEMENT OF CASH FLOWS

For the year ended June 30, 2019
(With comparative total for 2018)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Change in net assets	\$ 21,278,470	\$ 26,130,023
Adjustments		
Amortization and depreciation	62,616	86,155
Net realized and unrealized gain	(7,452,752)	(11,461,297)
Change in value of split-interest agreements	42,288	198,000
Contributions received for long-term investment	(3,459,944)	(3,401,388)
Non-cash gifts received	(5,004,564)	(10,719,109)
Proceeds from sale of contributed securities	5,013,522	9,678,717
Changes in operating assets and liabilities		
Accrued investment income	(14,401)	(23,163)
Accounts receivable	(33,975)	(67,620)
Settlement receivable	2,320,605	(4,641,210)
Other assets	11,070	(23,270)
Other liabilities	-	(214,201)
Accounts payable and accrued expenses	(15,225)	13,128
Deferred rent obligation	79,920	22,357
Grants payable	(52,379)	162,878
Liability for agency funds	3,963,148	2,334,385
Loss on disposition of assets	2,639	30,651
Total adjustments	<u>(4,537,432)</u>	<u>(18,024,987)</u>
Net cash provided by operating activities	<u>16,741,038</u>	<u>8,105,036</u>
Cash flows from investing activities		
Purchases of furnishings and equipment	(19,470)	(120,020)
Purchases of investments	(92,123,829)	(58,841,837)
Sales of investments	73,865,652	43,706,806
Collection of residual interest in survivor trusts	144,893	105,318
Net cash used by investing activities	<u>(18,132,754)</u>	<u>(15,149,733)</u>
Cash flows from financing activities		
Proceeds from issuance of charitable gift annuities	125,000	1,216,743
Payments to annuitants	(752,346)	(725,238)
Collections of estates	2,350,000	7,820,270
Net cash provided by financing activities	<u>1,722,654</u>	<u>8,311,775</u>
Net increase in cash and cash equivalents	330,938	1,267,078
Cash and cash equivalents at beginning of year	<u>2,640,995</u>	<u>1,373,917</u>
Cash and cash equivalents at end of year	<u>\$ 2,971,933</u>	<u>\$ 2,640,995</u>

The accompanying notes are an integral part of this statement.

Community Foundation of Tampa Bay, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2019
(With comparative total for 2018)

	Program Services	Management and General	Development	Total	
				2019	2018
Grants awarded	\$ 20,151,869	\$ -	\$ -	\$ 20,151,869	\$ 14,762,450
Less grants made for agency funds	(1,440,937)	-	-	(1,440,937)	(1,433,517)
	<u>18,710,932</u>	<u>-</u>	<u>-</u>	<u>18,710,932</u>	<u>13,328,933</u>
Salaries	421,386	635,926	316,177	1,373,489	1,364,366
Payroll taxes	30,384	45,853	22,797	99,034	96,884
Employee benefits	70,446	106,311	52,856	229,613	205,487
	<u>522,216</u>	<u>788,090</u>	<u>391,830</u>	<u>1,702,136</u>	<u>1,666,737</u>
Total salaries and related expenses					
Banking fees	40	2,185	3,736	5,961	11,662
Conferences	45,081	13,489	-	58,570	66,296
Dues and subscriptions	16,119	32,701	429	49,249	42,155
Employee search	4,184	12,553	4,184	20,921	15,352
Insurance	1,150	20,054	863	22,067	22,922
Marketing and public relations	34,082	126,484	8,302	168,868	143,161
Meetings	28,753	12,093	30,391	71,237	95,032
Miscellaneous	938	11,490	12,034	24,462	13,222
Office expense	10,917	12,682	6,990	30,589	40,266
Postage	2,600	1,951	1,950	6,501	6,218
Professional fees	124,601	49,105	-	173,706	240,824
Rent	59,159	78,359	35,308	172,826	155,835
Information technology	43,007	48,809	19,497	111,313	126,799
Travel	3,360	3,627	4,379	11,366	11,036
Amortization and depreciation	21,433	28,389	12,794	62,616	86,155
	<u>19,628,572</u>	<u>1,242,061</u>	<u>532,687</u>	<u>21,403,320</u>	<u>16,072,605</u>
Total expenses					

The accompanying notes are an integral part of this statement.

Community Foundation of Tampa Bay, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the organization's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. Description of the Organization

Community Foundation of Tampa Bay, Inc. (the "Foundation") is a not-for-profit corporation created on November 27, 1989. The Foundation is a tax-exempt, publicly-supported charitable organization, formed and existing exclusively to support charitable purposes primarily for the benefit of the Tampa Bay community, including but not limited to Hillsborough, Pinellas, Pasco, Hernando and Citrus counties of Florida.

2. Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, the Foundation presents information regarding its financial position and activities according to two classes of net assets described as follows:

- *Net Assets Without Donor Restrictions* – Net assets without donor restrictions are net assets not subject to donor-imposed restrictions or the donor-imposed restrictions have expired. These net assets are available for use at the discretion of the Board of Directors (the "Board") and/or management for general operating purposes.
- *Net Assets With Donor Restrictions* – Net assets with donor restrictions are net assets subject to donor-imposed stipulations that may be fulfilled by actions of the Foundation to meet the stipulations, that may become undesignated by the passage of time, or that require net assets to be permanently maintained, thereby restricting the use of principal.

Contributions received and unconditional promises to give are measured at their fair values and are reported as increases in net assets. The Foundation reports gifts of cash and other assets as donor restricted support if they are designated as support for future periods. Donor restricted net assets are reclassified to net assets without donor restrictions when the restriction expires and are reported in the statement of activities as net assets released from donor restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions, except those that involve a time restriction and are classified as net assets with donor restrictions.

3. Change in Accounting Standard

During fiscal year 2019, the Foundation adopted ASU 2016-14, Presentation of Financial Statements of Not-for-Profit Entities (Topic 958). The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. ASU 2016-14 has been applied retrospectively to all periods presented which had no impact to total net assets.

Community Foundation of Tampa Bay, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The major changes applicable to the Foundation include:

- Requiring the presentation of only two classes of net assets now titled “net assets without donor restrictions” and “net assets with donor restrictions”
- Requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources
- Modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements

4. Liquidity

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

5. Cash Equivalents

The Foundation considers all highly liquid financial instruments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents included in investments are not available for use in operations and are not considered cash for the purpose of presenting cash flows. The Foundation maintains its cash accounts at two financial institutions. At times throughout the year, the Foundation’s cash and cash equivalents balances may exceed amounts insured by the Federal Deposit Insurance Corporation and the Securities Investor Protection Corporation.

6. Investments

Investments, other than real estate, are stated at fair value. Real estate is stated at the lower of net realizable value or appraised value at the date of donation.

7. Estates in Process

The Foundation recognizes a receivable and revenue for its interest in estates in process based on the estimated realizable value expected to be received. The Foundation records estates in process when the court declares the related will valid.

8. Investments Held in Charitable Remainder Trusts and Charitable Trust Obligation

The Foundation holds assets as trustee of various charitable trusts for which annuity or unitrust payments are paid to beneficiaries of the trust. Assets, contribution revenue and an obligation for the present value of the expected payments to beneficiaries are recorded when the assets are received. Subsequent changes in the fair value of the assets and liabilities are recognized as changes in the value of split-interest agreements, a component of investment return in the accompanying statement of activities.

Community Foundation of Tampa Bay, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

9. Beneficial Interest in Survivor Trusts

The Foundation is named beneficiary of various lead and remainder trusts, the assets of which are held by trustees other than the Foundation. Contribution revenue and the related assets' interest are recognized using the present value of assets expected to be received. Subsequent changes to the fair value of the assets are recognized as changes in the value of split-interest agreements, a component of investment return in the accompanying statement of activities.

10. Property and Equipment

Property and equipment are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives, five to ten years, of the respective tangible and software assets. Leasehold improvements are depreciated over the sixty-four-month term of the lease. The Foundation capitalizes asset acquisitions exceeding \$500.

11. Charitable Gift Annuity Obligations

The Foundation has entered into various charitable gift annuity agreements with its donors and is obligated to make payments to the annuitants for the remainder of their lives. The contributed funds immediately become part of the general assets of the Foundation. A separate "reserve" investment account is maintained in an amount not less than 110% of the present value of future benefits.

Assets received are recorded at fair value on the date of the funding of the annuity, and a liability is recorded equal to the present value of the estimated future obligations based on mortality rates derived from ordinary life annuity tables. The difference between the fair value of assets contributed and obligations recorded is recognized as contribution revenue. Subsequent changes to the fair value of the liabilities are recognized as changes in the value of split-interest agreements, a component of investment return in the accompanying statement of activities.

12. Liability for Agency Funds

The Foundation follows the provisions of FASB ASC 958-605, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*. This accounting standard establishes standards for transactions in which a donor makes a contribution to the Foundation which accepts and agrees to use those assets for the benefit of the donor. It also establishes standards for transactions in which a donor makes a transfer to benefit a third-party charitable organization having a fund at the Foundation but for which the donor does not explicitly grant the Foundation variance power over the gift.

Community Foundation of Tampa Bay, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The Foundation maintains variance power and legal ownership of agency funds and, as such, continues to report the funds as assets of the Foundation. However, in accordance with FASB ASC 958-605, a liability has been established for the value of the funds, which is generally equivalent to the present value of future payments expected to be made to the not-for-profit organizations.

At June 30, 2019, the Foundation was the owner of 263 agency funds with a combined fair value of \$38,306,552 which is presented as a liability in the Foundation's statement of financial position. Financial activity related to these funds is excluded from the Foundation's statement of activities.

The following summarizes activity in such funds during the year ended June 30, 2019:

Agency fund balances, June 30, 2018	\$ 34,343,404
Contributions and bequests	4,089,867
Net investment return	1,590,702
Grants	(1,440,937)
Support of Foundation services	(276,087)
Other expenses	<u>(397)</u>
Agency fund balances, June 30, 2019	<u>\$ 38,306,552</u>

13. Administrative Fees

The Foundation charges component funds an administrative fee for managing and administering the fund during the year. The fees are calculated monthly and are based on the fund's balances. Administrative fees transferred from component funds to support the operations of the Foundation were \$2,328,407 for the year ended June 30, 2019. The fees are eliminated in the accompanying financial statements.

14. Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation is a not-for-profit Florida corporation and therefore is not subject to state income taxes. Management is not aware of any activities that would jeopardize the Foundation's tax-exempt status. The Foundation is not aware of any tax positions it has taken that are subject to a significant degree of uncertainty. Tax years after June 30, 2015 remain subject to examination by taxing authorities.

Community Foundation of Tampa Bay, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

15. Donated Goods and Services

The value of donated goods and services is recorded at the fair market value of the related donation at the time of receipt.

16. Concentrations of Credit Risk

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist principally of cash and money market accounts.

17. Use of 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 amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

18. Functional Allocation of Expenses

The costs of providing program services and other activities have been summarized on a functional basis in the statement of activities. Expenses are applied to functional areas of program services, management and general, and development using specific identification when possible. Grants awarded are applied directly to program services. Donor appreciation events and donor outreach campaigns are applied directly to development. Staff training expenses are applied directly to management and general expense.

Expenses that cannot be specifically identified with one functional area are allocated among program, management and general, and development on the basis of management's estimate of the time spent by employees, role of employee with the Foundation, or some other reasonable measurement methodology. Accordingly, certain costs have been allocated among the program services and supporting services benefited as shown in the statement of functional expenses for the year ended June 30, 2019.

NOTE B - INVESTMENTS

The Foundation's marketable securities were held in trust by various banks and investment brokerage firms at June 30, 2019.

Community Foundation of Tampa Bay, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019

NOTE B - INVESTMENTS - Continued

The components of investment return for the year ended June 30, 2019 are as follows:

Investment income		
Interest	\$	132,214
Dividends		4,083,428
Change in value of split interest agreements		(29,178)
Change in value of partnership interests		62,821
Net realized gain		5,562,255
Net unrealized gain		936,743
Investment fees		<u>(550,053)</u>
		<u><u>\$ 10,198,230</u></u>

NOTE C - SETTLEMENT RECEIVABLE

The Foundation was awarded a settlement of \$4,641,210 which is net of related fees, during the year ended June 30, 2018. The claim provided the Foundation with two equal payments of \$2,320,605, net of fees, in July 2018 and 2019. The balance of the settlement receivable was \$2,320,605 as of June 30, 2019. The second and final net payment of \$2,320,605 was received by the Foundation in July 2019.

NOTE D - FURNITURE, FIXTURES AND EQUIPMENT

Furniture, fixtures and equipment at June 30, 2019 are summarized as follows:

	Cost	Accumulated Depreciation	Total
Equipment	\$ 158,329	\$ 102,770	\$ 55,559
Computer software	177,375	122,228	55,147
Leasehold improvement	<u>12,544</u>	<u>3,775</u>	<u>8,769</u>
	<u><u>\$ 348,248</u></u>	<u><u>\$ 228,773</u></u>	<u><u>\$ 119,475</u></u>

NOTE E - RELATED PARTY TRANSACTIONS

The Foundation received approximately \$49,000 of operating contributions and approximately \$330,000 of contributions to donor advised funds from trustees or trustee-related companies during the year ended June 30, 2019. The Foundation maintains funds at certain financial institutions where Trustees of the Foundation are employed.

Community Foundation of Tampa Bay, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019

NOTE F - PROFIT SHARING PLAN

The Foundation sponsors a salary reduction profit sharing plan under the provisions of Section 401(k) of the Internal Revenue Code. The plan covers all full-time employees who have completed three months of service and attained the age of twenty-one. The Foundation may make a discretionary contribution which is allocated to those eligible participants who are employed at the plan's calendar year end. The Foundation provided discretionary contributions of approximately \$115,000 for the fiscal year ended June 30, 2019.

NOTE G - COMMITMENTS

The Foundation leases equipment and conducts its operations in a leased facility classified as an operating lease. The following is a schedule of approximate minimum lease payments under these operating leases:

<u>Year ending June 30,</u>	
2020	\$ 175,000
2021	182,000
2023	190,000
2024	197,000
2025	<u>153,000</u>
	<u>\$ 897,000</u>

Rent expense for the Foundation was \$172,826 for the year ended June 30, 2019.

NOTE H - MAJOR CONTRIBUTORS

Nine donors contributed approximately \$19.1 million, which provided 53% of the Foundation's contribution and bequest income during the year ended June 30, 2019.

NOTE I - FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial Accounting Standards Board ASC 820 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described below:

- Level 1 valuations, where the valuation is based on quoted market prices for identical assets or liabilities traded in active markets (which include exchanges and over-the-counter markets with sufficient volume),

Community Foundation of Tampa Bay, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019

NOTE I - FAIR VALUE OF FINANCIAL INSTRUMENTS – Continued

- Level 2 valuations, where the valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market, and
- Level 3 valuations, where the valuation is generated from model-based techniques that use significant assumptions not observable in the market, but observable based on company-specific data. These unobservable assumptions reflect the Foundation’s own estimates for assumptions that market participants would use in pricing the asset or liability. Valuation techniques typically include option pricing models, discounted cash flow models and similar techniques, but may also include the use of market prices of assets or liabilities that are not directly comparable to the subject asset or liability.

The following table presents financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2019:

	Level 1	Level 2	Level 3	Total
Assets				
Investments				
Cash and cash equivalents	\$ 3,414,354	\$ -	\$ -	\$ 3,414,354
Publicly traded equity				
Mutual funds and exchange traded funds	134,009,756	-	-	134,009,756
Separately managed accounts	10,319,739	-	-	10,319,739
Debt securities				
Mutual funds and exchange traded funds	65,212,901	-	-	65,212,901
Separately managed accounts	-	2,957,786	-	2,957,786
Mixed allocation mutual funds	166,033	-	-	166,033
Private equity funds	-	-	9,706,933	9,706,933
Limited partnerships	-	-	7,803,800	7,803,800
Alternative investments				
Hedge funds-of-funds	-	29,550,826	-	29,550,826
Commodity funds	14,518	-	-	14,518
Land	-	-	5,000	5,000
Mineral rights	-	-	63,000	63,000
Cash surrender value of life insurance policies	-	-	18,605	18,605
Total investments	<u>213,137,301</u>	<u>32,508,612</u>	<u>17,597,338</u>	<u>263,243,251</u>
Trusts				
Cash and cash equivalents	64,773	-	-	64,773
Publicly traded equity				
Mutual funds and exchange traded funds	3,514,427	-	-	3,514,427
Debt securities				
Mutual funds and exchange traded funds	924,238	-	-	924,238
Total charitable remainder trusts	<u>4,503,438</u>	<u>-</u>	<u>-</u>	<u>4,503,438</u>
Beneficial interest in trusts	<u>-</u>	<u>-</u>	<u>1,899,171</u>	<u>1,899,171</u>
Total assets	<u>\$ 217,640,739</u>	<u>\$ 32,508,612</u>	<u>\$ 19,496,509</u>	<u>\$ 269,645,860</u>
Liabilities				
Charitable gift annuity obligations	\$ -	\$ -	\$ 2,282,472	\$ 2,282,472
Charitable trust obligations	<u>-</u>	<u>-</u>	<u>2,364,538</u>	<u>2,364,538</u>
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,647,010</u>	<u>\$ 4,647,010</u>

Community Foundation of Tampa Bay, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019

NOTE I - FAIR VALUE OF FINANCIAL INSTRUMENTS – Continued

Assets and liabilities in all levels could result in volatile and material price fluctuations. Realized and unrealized gains and losses on Level 3 assets represent only a portion of the risk to market fluctuations in the balance sheet.

The following table illustrates a rollforward for all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2019:

Assets	Limited	Private	Mineral	Cash Value	Beneficial	Total	
	Partnership	Equity	Rights				Land
Beginning balance at June 30, 2018	\$ 7,703,287	\$ 6,412,852	\$ 63,000	\$ 5,000	\$ 12,995	\$ 1,827,990	\$ 16,025,124
Purchases and contributions	500	2,029,685	-	-	-	-	2,030,185
Proceeds from the sale of investments	(7,500)	-	-	-	-	-	(7,500)
Collection of interest in lead trusts	-	-	-	-	-	(144,893)	(144,893)
Total gains or losses, realized and unrealized included in change in net assets	107,513	1,264,396	-	-	5,610	216,074	1,593,593
Ending balance at June 30, 2019	<u>\$ 7,803,800</u>	<u>\$ 9,706,933</u>	<u>\$ 63,000</u>	<u>\$ 5,000</u>	<u>\$ 18,605</u>	<u>\$ 1,899,171</u>	<u>\$ 19,496,509</u>

Liabilities	Charitable	Charitable	Total
	Gift Annuities	Trusts	
Beginning balance at June 30, 2018	\$ 2,349,672	\$ 2,519,664	\$ 4,869,336
Payments to annuitants	(374,858)	(377,488)	(752,346)
Obligations terminated due to death of annuitant	(16,370)	-	(16,370)
Additions from proceeds received for new annuities	50,057	-	50,057
Year end change in value of split-interest agreement	273,971	222,362	496,333
Ending balance at June 30, 2019	<u>\$ 2,282,472</u>	<u>\$ 2,364,538</u>	<u>\$ 4,647,010</u>

The following information is provided for investments in certain entities not having a readily determinable fair value that calculate net asset value per share or its equivalent. This is provided to enable users to understand the nature and risk of the Foundation's investments by major category and whether the investments are probable of being sold at amounts different from net asset value per share or ownership interest in partners' capital.

Community Foundation of Tampa Bay, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019

NOTE I - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible) or Event	Redemption Notice Period
Limited partnerships				
Private equity investment partnership (a.)	\$ 1,492,941	\$ -	Annual during December	Prior to December 1
Land development (b.)	30,259	-	N/A	N/A
Real estate (c.)	6,140,000	-	N/A	N/A
Other (d.)	140,600	-	N/A	N/A
	<u>7,803,800</u>	<u>-</u>		
Hedge fund-of-funds (e.)				
Long/short trading strategies	9,976,818	-	Quarterly	45 days
Multi-strategy	19,574,008	-	Quarterly	95 days
	<u>29,550,826</u>	<u>-</u>		
Private equity (f.)	9,706,933	12,590,006	N/A	
	<u>\$47,061,559</u>	<u>\$ 12,590,006</u>		

- (a.) The partnership focuses on small and medium-sized value investments, principally of corporate stock. The value of this investment class is based on the Foundation's pro-rata partnership interest and the estimated fair value of the partnership as provided by the general partner. Approximately 88% of the partnership's assets are valued based on quoted prices in active markets for identical assets. Approximately 12% of the partnership's assets are valued by the general partner based on significant unobservable inputs, including, without limitation, type of security, pending mergers or acquisitions, and current and projected financial condition.
- (b.) Fair value of the land development partnership is based on the partner's capital account, at cost, and without any attempt to adjust to the fair value of the underlying undeveloped land.
- (c.) Fair value of real estate is based on the appraised value of the Foundation's one-third ownership interest of a working ranch.
- (d.) Fair value of the investments partnership is based on the partner's capital account at the date of the gift of the partnership interest, and without any attempt to adjust to the fair value of the underlying assets.
- (e.) This class includes Level 2 assets invested in hedge fund-of-funds. The June 30, 2019 fair value is based on the net asset value of the fund-of-funds as reported by the respective hedge fund-of-funds' administrator. Management believes it could have redeemed its investment at the net asset value per share at the statement of financial position date.

Community Foundation of Tampa Bay, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019

NOTE I - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

Each fund-of-funds invests in a number of single-strategy and/or multi-strategy hedge funds and is susceptible to market price risk arising from uncertainties about future values of those underlying hedge funds' investments. The hedge fund-of-funds' manager makes investment decisions regarding each hedge fund after an extensive assessment of each underlying fund, its strategy and the overall quality of the fund manager.

Hedge fund strategies used by hedge fund-of-funds included but are not limited to: long-short term equity, market neutral equity, event driven, global macro, relative value, quantitative, activist, distressed, fixed income, credit and global trading.

- (f.) This class includes investments in both global and domestic private equity funds. The Foundation's investments in these funds can never be redeemed with the funds. Instead, the nature of the investment in this class is that distributions are received through the liquidation of the underlying assets of the fund. It is believed that the life-cycle of the funds is 10 to 12 years. A secondary market exists for the funds. The fair value of the investment in this class has been estimated using the net asset value per share of the investment.

The following table summarizes at June 30, 2019, the valuation techniques and significant unobservable inputs used for Level 2 and Level 3 assets not having a readily determinable fair value that do not calculate net asset value per share or its equivalent and for Level 3 liabilities.

Investment type	Fair value	Valuation technique(s)	Unobservable input	Range of inputs (Weighted Average)
Fixed income - direct holdings	\$ 2,957,786	Market comparables	Third-party pricing information without adjustment	N/A
Beneficial interest in remainder trusts	\$ 1,899,171	Discounted cash flows	Discount rate	2.0% - 2.5% (2.1%)
			Expected rate of return	4.2% - 6.1% (5.8%)
<u>Liabilities</u>				
Charitable gift annuity obligations	\$ 2,282,472	Discounted cash flows	Discount rate	1.2% - 8.0% (3.4%)
Charitable trust obligations	\$ 2,364,538	Discounted cash flows	Discount rate	3.6% - 8.0% (7.2%)
			Expected rate of return	4.6% - 4.8% (4.7%)

NOTE J - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As a part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Foundation invests cash in excess of daily requirements in short-term investments.

Community Foundation of Tampa Bay, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019

NOTE J - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS – Continued

The following reflects the Foundation's financial assets as of June 30, 2019, reduced by amounts not available for general use because of contractual, donor-imposed restrictions or board designated restrictions within one year of the statement of financial position date:

Total financial assets	<u>\$278,048,789</u>
Less amounts not available to be used within one year	
Level 2 investments	32,508,612
Level 3 investments	17,597,338
Estates in process	2,735,000
Investments held in charitable remainder trusts	4,503,438
Beneficial interest in survivor trusts	1,899,171
Other assets	72,414
Property and equipment, net of accumulated depreciation	119,475
Less board designated funds	
Board designated fund for settlement receivable	2,320,605
Board designated operating endowment fund	487,064
Board designated operating reserve funds	<u>2,366,356</u>
Total assets not available to be used within one year	<u>64,609,473</u>
Total financial assets available within one year for general expenditures within one year	<u>\$213,439,316</u>

The Foundation structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Foundation maintains a reserve policy to maintain an operating reserve fund equal to 75% of the annual operating budget expenditures. The operating reserve fund is maintained as a separate account held by the Foundation and is invested in short and mid-term investments based on an allocation set in the operating reserve policy. The use of operating reserve funds requires board approval and will be used for administrative operating expenses, exclusive of grant payments, during times of catastrophic loss or severe economic downturn.

The Foundation generally uses the assets held for donor advised funds for grant-making based on donor recommendations, although those funds are not donor restricted. In addition, the Foundation does not intend to spend from board designated funds (other than the appropriation of the annual spending rate). The Foundation has a policy that gives the Foundation's board the authority to determine the annual spending rate for board designated funds. The spending rate is expected to fall between 3.50% and 5.50% each year based on the fund's average balance for the previous 12 quarters preceding December 31st of the year prior to distribution. However, as the owner of donor advised and board designated funds, amounts could be made available through variance power - see Note A12.

Community Foundation of Tampa Bay, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019

NOTE K - SUBSEQUENT EVENTS

The Foundation has evaluated events and transactions occurring subsequent to June 30, 2019 as of November 19, 2019 which is the date the financial statements were available to be issued.