

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

COMMUNITY FOUNDATION OF TAMPA BAY, INC.

June 30, 2023

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

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, 2023, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Community Foundation of Tampa Bay, Inc. as of June 30, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Community Foundation of Tampa Bay, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2023 on our consideration of the Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Community Foundation of Tampa Bay, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 15, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Tampa, Florida
November 14, 2023

Community Foundation of Tampa Bay, Inc.

STATEMENT OF FINANCIAL POSITION

June 30, 2023
(With comparative total for 2022)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2023	2022
ASSETS				
Cash and cash equivalents	\$ 2,839,265	\$ -	\$ 2,839,265	\$ 3,101,930
Investments (notes B and I)	652,769,065	-	652,769,065	488,086,063
Accrued investment income	145,668	-	145,668	67,876
Accounts receivable	131,231	-	131,231	227,605
Federal grant receivable	-	-	-	1,232,500
Estates in process	-	1,370,031	1,370,031	1,370,031
Investments held in charitable remainder trusts	-	3,186,677	3,186,677	3,270,005
Beneficial interest in survivor trusts	-	1,563,508	1,563,508	1,342,485
Other assets	189,106	-	189,106	139,151
Property and equipment, net of accumulated depreciation (note C)	222,663	-	222,663	288,397
Lease right-of-use assets	1,456,790	-	1,456,790	-
Total assets	\$ 657,753,788	\$ 6,120,216	\$ 663,874,004	\$ 499,126,043
LIABILITIES AND NET ASSETS				
Accounts payable and accrued expenses	\$ 383,439	\$ -	\$ 383,439	\$ 356,613
Deferred rent obligation	-	-	-	63,969
Grants payable	30,277	-	30,277	40,393
Charitable gift annuity obligations	1,517,204	-	1,517,204	1,561,062
Liability under charitable remainder trusts	-	1,757,386	1,757,386	1,789,883
Liability for agency funds	56,841,011	-	56,841,011	52,020,184
Lease liability	1,498,158	-	1,498,158	-
Total liabilities	60,270,089	1,757,386	62,027,475	55,832,104
Net assets				
Without donor restrictions	597,483,699	-	597,483,699	439,101,301
With donor restrictions	-	4,362,830	4,362,830	4,192,638
Total net assets	597,483,699	4,362,830	601,846,529	443,293,939
Total liabilities and net assets	\$ 657,753,788	\$ 6,120,216	\$ 663,874,004	\$ 499,126,043

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, 2023
(With comparative total for 2022)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2023	2022
Revenues, gains and other support				
Contributions and bequests	\$ 140,639,921	\$ -	\$ 140,639,921	\$ 239,857,804
Less amounts received for agency funds	(3,228,497)	-	(3,228,497)	(10,026,038)
Investment return (note B)	50,166,450	193,111	50,359,561	(38,370,182)
Federal grant revenue (note H)	-	-	-	5,322,500
Other income	531,868	-	531,868	491,495
	<u>188,109,742</u>	<u>193,111</u>	<u>188,302,853</u>	<u>197,275,579</u>
Net assets released from restrictions	22,919	(22,919)	-	-
Total revenues, gains and other support	<u>188,132,661</u>	<u>170,192</u>	<u>188,302,853</u>	<u>197,275,579</u>
Expenses				
Program services				
Grants awarded	27,964,567	-	27,964,567	70,875,324
Less grants made for agency funds	(3,185,856)	-	(3,185,856)	(3,212,648)
Program management	1,635,110	-	1,635,110	1,234,007
Total program services	<u>26,413,821</u>	<u>-</u>	<u>26,413,821</u>	<u>68,896,683</u>
Management and general Development	2,366,112	-	2,366,112	1,844,483
	<u>970,330</u>	<u>-</u>	<u>970,330</u>	<u>753,868</u>
Total expenses	<u>29,750,263</u>	<u>-</u>	<u>29,750,263</u>	<u>71,495,034</u>
Change in net assets	158,382,398	170,192	158,552,590	125,780,545
Net assets at beginning of year	<u>439,101,301</u>	<u>4,192,638</u>	<u>443,293,939</u>	<u>317,513,394</u>
Net assets at end of year	<u>\$ 597,483,699</u>	<u>\$ 4,362,830</u>	<u>\$ 601,846,529</u>	<u>\$ 443,293,939</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, 2023
(With comparative total for 2022)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Change in net assets	\$ 158,552,590	\$ 125,780,545
Adjustments		
Amortization and depreciation	85,358	82,359
Right of use asset amortization	200,990	-
Lease liability principal payments	(159,622)	-
Net realized and unrealized (gain) loss	(40,043,054)	42,085,007
Change in value of split-interest agreements	(37,248)	1,215,414
Contributions received for long-term investment	-	(1,357,115)
Non-cash gifts received	(32,936,847)	(30,782,235)
Proceeds from sale of contributed securities	21,770,142	30,896,300
Changes in operating assets and liabilities		
Accrued investment income	(77,792)	(12,430)
Accounts receivable	96,374	749,432
Federal grant receivable	1,232,500	(1,232,500)
Other assets	(49,955)	(42,348)
Accounts payable and accrued expenses	26,826	(57,938)
Deferred rent obligation	(63,969)	(20,937)
Grants payable	(10,116)	(1,320,174)
Liability for agency funds	4,820,827	1,054,973
Loss on disposition of assets	-	72,979
Total adjustments	<u>(45,145,586)</u>	<u>41,330,787</u>
Net cash provided by operating activities	<u>113,407,004</u>	<u>167,111,332</u>
Cash flows from investing activities		
Purchases of furnishings and equipment	(19,624)	(132,680)
Purchases of investments	(387,921,307)	(292,796,830)
Sales of investments	<u>274,766,235</u>	<u>126,742,197</u>
Net cash used by investing activities	<u>(113,174,696)</u>	<u>(166,187,313)</u>
Cash flows from financing activities		
Proceeds from issuance of charitable gift annuities	52,605	87,196
Payments to annuitants	(547,578)	(655,914)
Collections of estates	<u>-</u>	<u>1,128,028</u>
Net cash (used) provided by financing activities	<u>(494,973)</u>	<u>559,310</u>
Net (decrease) increase in cash and cash equivalents	(262,665)	1,483,329
Cash and cash equivalents at beginning of year	<u>3,101,930</u>	<u>1,618,601</u>
Cash and cash equivalents at end of year	<u>\$ 2,839,265</u>	<u>\$ 3,101,930</u>
<u>Supplemental disclosures of cash flow Information</u>		
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>
Cash paid for taxes	<u>\$ 139,454</u>	<u>\$ -</u>
<u>Supplemental disclosures of non-cash financing activity</u>		
Right-of-use asset and lease liability recognized	<u>\$ 1,657,780</u>	<u>\$ -</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, 2023
(With comparative total for 2022)

	Program Services	Management and General	Development	Total	
				2023	2022
Grants awarded	\$ 27,964,567	\$ -	\$ -	\$ 27,964,567	\$ 70,875,324
Less grants made for agency funds	(3,185,856)	-	-	(3,185,856)	(3,212,648)
	<u>24,778,711</u>	<u>-</u>	<u>-</u>	<u>24,778,711</u>	<u>67,662,676</u>
Salaries	773,308	1,167,020	580,233	2,520,561	2,065,871
Payroll taxes	54,184	81,771	40,656	176,611	145,458
Employee benefits	125,503	189,401	94,169	409,073	318,708
	<u>952,995</u>	<u>1,438,192</u>	<u>715,058</u>	<u>3,106,245</u>	<u>2,530,037</u>
Total salaries and related expenses					
Banking fees	51	2,805	4,796	7,652	15,025
Conferences	35,416	10,597	-	46,013	16,675
Dues and subscriptions	32,260	65,446	858	98,564	64,718
Employee search	196	589	196	981	25,054
Insurance	1,283	43,326	963	45,572	36,214
Marketing and public relations	64,635	228,565	4,265	297,465	316,239
Meetings	27,416	12,117	-	39,533	23,183
Miscellaneous	1,097	11,965	96,927	109,989	54,521
Office expense	13,843	17,081	8,598	39,522	38,700
Postage	2,600	1,950	1,950	6,500	5,947
Professional fees	243,197	74,727	-	317,924	197,444
Rent	85,666	113,471	51,130	250,267	249,701
Utilities	-	3,758	-	3,758	2,679
Information technology	141,415	159,245	63,170	363,830	165,702
Income taxes	-	139,454	-	139,454	-
Travel	3,822	4,123	4,980	12,925	8,160
Amortization and depreciation	29,218	38,701	17,439	85,358	82,359
	<u>26,413,821</u>	<u>2,366,112</u>	<u>970,330</u>	<u>29,750,263</u>	<u>71,495,034</u>
Total expenses					

The accompanying notes are an integral part of this statement.

Community Foundation of Tampa Bay, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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.

Community Foundation of Tampa Bay, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023

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

3. 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.

4. 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.

5. 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.

6. 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.

7. 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.

8. 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.

Community Foundation of Tampa Bay, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023

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

9. 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 and sixty month lease terms. The Foundation capitalizes asset acquisitions exceeding \$500.

10. 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

11. 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.

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, 2023, the Foundation was the owner of 298 agency funds with a combined fair value of \$56,841,011 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.

Community Foundation of Tampa Bay, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023

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

The following summarizes activity in such funds during the year ended June 30, 2023:

Agency fund balances, June 30, 2022	\$ 52,020,184
Contributions and bequests	3,228,497
Net investment return	5,212,803
Grants	(3,185,856)
Support of Foundation services	(434,066)
Other expenses	<u>(551)</u>
Agency fund balances, June 30, 2023	<u>\$ 56,841,011</u>

12. 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 \$3,640,131 for the year ended June 30, 2023. The fees are eliminated in the accompanying financial statements.

13. Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation is subject to unrelated business income tax on net income from investment activities related to private equity, private credit and limited partnerships. The Foundation is a not-for-profit Florida corporation and therefore is not subject to state income taxes. 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, 2019 remain subject to examination by taxing authorities.

14. 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.

15. Concentrations of Credit Risk

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

Community Foundation of Tampa Bay, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023

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

16. 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.

17. 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, 2023.

18. Change in Accounting Principle

The Foundation adopted the FASB issued ASU 2016-02, *Leases*, (Topic 842), which requires lessees to recognize right-of-use assets and lease liabilities, initially measured at present value of the lease payments, on its balance sheet for leases with terms longer than 12 months and classified as either financing or operating leases. The Foundation does not have any financing leases as of June 30, 2023. The Foundation determines if an arrangement is or contains a lease at contract inception. Pursuant to ASU 2016-02, the Foundation adopted the new standard on July 1, 2022 using a modified retrospective approach and elected to utilize the practical expedients permitted under the transition guidance within the new standard. The adoption of the policy did not have a cumulative impact on retained earnings as of June 30, 2022.

As a result of adoption of this ASU, the Foundation initially recorded \$1,657,780 of right-of-use assets and of lease liabilities as of July 1, 2022. Right-of-use assets and lease liabilities were \$1,456,790 and \$1,498,158 at June 30, 2023, net of amortization and lease principal payments, respectively

Community Foundation of Tampa Bay, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023

NOTE B - INVESTMENTS

The Foundation's marketable securities were held in trust by various banks and investment brokerage firms at June 30, 2023. The components of investment return for the year ended June 30, 2023 are as follows:

Investment income		
Interest	\$	619,642
Dividends		10,702,710
Change in value of split interest agreements		75,890
Change in value of partnership interests		8,699
Net realized gain		5,606,226
Net unrealized gain		34,428,129
Investment fees		<u>(1,081,735)</u>
	\$	<u>50,359,561</u>

NOTE C - FURNITURE, FIXTURES AND EQUIPMENT

Furniture, fixtures and equipment at June 30, 2023 are summarized as follows:

	Cost	Accumulated Depreciation	Total
Equipment	\$ 272,116	\$ 191,597	\$ 80,519
Computer software	203,561	154,262	49,299
Leasehold improvement	214,257	121,412	92,845
	<u>\$ 689,934</u>	<u>\$ 467,271</u>	<u>\$ 222,663</u>

NOTE D - RELATED PARTY TRANSACTIONS

The Foundation received approximately \$35,000 of operating contributions and approximately \$2,322,000 of contributions to donor advised funds from trustees or trustee-related companies during the year ended June 30, 2023. The Foundation maintains funds at certain financial institutions where Trustees of the Foundation are employed.

NOTE E - 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 \$230,000 for the fiscal year ended June 30, 2023.

Community Foundation of Tampa Bay, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023

NOTE F - COMMITMENTS

The Foundation leases equipment and conducts its operations in leased facilities classified as operating leases. The Foundation entered into a non-cancellable operating lease during 2017. Terms of the operating lease include 64 months of monthly payments. The Foundation uses an incremental borrowing rate of 6% for calculating its operating lease liabilities at present value of all lease payments on the commencement date. The weighted average remaining lease term was 7.53 years at June 30, 2023. During 2023, the Foundation exercised an option to extend the lease for seven years through 2031. The operating lease contains escalating rent payments each year for the 64-month original agreement and 90-month renewal agreement.

The Foundation entered into an additional non-cancellable operating lease during February 2020. Terms of the operating lease include 60 months of monthly payments with one five-year renewal option. The operating lease contains escalating rent payments each year for the 60-month agreement.

The following is a schedule of approximate minimum lease payments under these operating leases:

<u>Year ending June 30,</u>	
2024	\$ 368,396
2025	273,365
2026	219,481
2027	220,419
2028	227,032
Thereafter	<u>536,248</u>
Total future minimum payments	1,844,941
Less interest	<u>(346,783)</u>
	<u>\$ 1,498,158</u>

Rent expense for the Foundation was \$250,267 for the year ended June 30, 2023.

NOTE G - MAJOR CONTRIBUTORS

Three donors contributed approximately \$115 million (one donor contributed approximately \$102 million), which provided 82% of the Foundation's contribution and bequest income during the year ended June 30, 2023.

Community Foundation of Tampa Bay, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023

NOTE H - FEDERAL GRANT REVENUE

The Foundation entered into an agreement with Hillsborough County of Florida to administer a grant program funded by the American Rescue Plan Act of 2021. Terms of the agreement included reimbursement for distributed funds to Not-for-Profit applicants within Hillsborough County meeting certain program criteria (not to exceed \$5,000,000), as well as funding for administrative fees of the Foundation (not to exceed \$500,000). The agreement began on December 8, 2021 and ended on September 30, 2022.

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),
- 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.

Community Foundation of Tampa Bay, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023

NOTE I - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

The following table presents financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2023:

	Level 1	Level 2	Level 3	Total
Assets				
Investments				
Cash and cash equivalents	\$ 5,492,702	\$ -	\$ -	\$ 5,492,702
Publicly traded equity				
Mutual funds and exchange traded funds	291,931,818	-	-	291,931,818
Separately managed accounts	65,593,789	-	-	65,593,789
Debt securities				
Mutual funds and exchange traded funds	144,217,245	-	-	144,217,245
Separately managed accounts	-	75,814,058	-	75,814,058
Mixed allocation mutual funds	49,538	-	-	49,538
Private equity funds	-	-	34,539,493	34,539,493
Private credit fund	-	-	5,750,000	5,750,000
Limited partnerships	-	-	7,598,707	7,598,707
Alternative investments				
Hedge funds-of-funds	-	20,931,145	-	20,931,145
Commodity funds	683,320	-	-	683,320
Mineral rights	-	-	63,000	63,000
Cash surrender value of life insurance policies	-	-	104,250	104,250
Total investments	<u>507,968,412</u>	<u>96,745,203</u>	<u>48,055,450</u>	<u>652,769,065</u>
Trusts				
Cash and cash equivalents	50,208	-	-	50,208
Publicly traded equity				
Mutual funds and exchange traded funds	2,459,461	-	-	2,459,461
Debt securities				
Mutual funds and exchange traded funds	677,008	-	-	677,008
Total charitable remainder trusts	<u>3,186,677</u>	<u>-</u>	<u>-</u>	<u>3,186,677</u>
Beneficial interest in trusts	-	-	1,563,508	1,563,508
Total assets	<u>\$ 511,155,089</u>	<u>\$ 96,745,203</u>	<u>\$ 49,618,958</u>	<u>\$ 657,519,250</u>
Liabilities				
Charitable gift annuity obligations	\$ -	\$ -	\$ 1,517,204	\$ 1,517,204
Charitable trust obligations	-	-	1,757,386	1,757,386
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,274,590</u>	<u>\$ 3,274,590</u>

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 statement of financial position.

Community Foundation of Tampa Bay, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023

NOTE I - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

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, 2023:

Assets	Limited Partnership	Private Equity	Private Credit	Mineral Rights	Cash Value Life Insurance	Beneficial Interest in Trusts	Total
Beginning balance at June 30, 2022	\$ 7,584,232	\$ 28,664,777	\$ 3,500,000	\$ 63,000	\$ 65,270	\$ 1,342,485	\$ 41,219,764
Purchases and contributions	-	8,090,715	2,250,000	-	33,050	-	10,373,765
Proceeds from the sale of investments	(23,075)	(436,832)	-	-	-	-	(459,907)
Total gains or losses, realized and unrealized included in change in net assets	37,550	(1,779,167)	-	-	5,930	221,023	(1,514,664)
Ending balance at June 30, 2023	<u>\$ 7,598,707</u>	<u>\$ 34,539,493</u>	<u>\$ 5,750,000</u>	<u>\$ 63,000</u>	<u>\$ 104,250</u>	<u>\$ 1,563,508</u>	<u>\$ 49,618,958</u>

Liabilities	Charitable Gift Annuities	Charitable Trusts	Total
Beginning balance at June 30, 2022	\$ 1,561,062	\$ 1,789,883	\$ 3,350,945
Payments to annuitants	(229,407)	(318,171)	(547,578)
Obligations terminated due to death of annuitant	(41,783)	-	(41,783)
Additions from proceeds received for new annuities	52,605	-	52,605
Year end change in value of split-interest agreement	174,727	285,674	460,401
Ending balance at June 30, 2023	<u>\$ 1,517,204</u>	<u>\$ 1,757,386</u>	<u>\$ 3,274,590</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. The timing of liquidation of the underlying assets is unknown other than private equity investments.

Community Foundation of Tampa Bay, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023

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.)	\$ 1,976,201	\$ -	Annual during December	Prior to December 1
Real estate (b.)	5,481,906	-	N/A	N/A
Other (c.)	140,600	-	N/A	N/A
	<u>7,598,707</u>	<u>-</u>		
Hedge fund-of-funds (d.)				
Long/short trading strategies	10,699,285	-	Quarterly	45 days
Multi-strategy	10,231,860	-	Quarterly	95 days
	<u>20,931,145</u>	<u>-</u>		
Private equity (e.)	34,539,493	23,897,503	N/A	
Private credit (f.)	5,750,000	4,250,000	N/A	
	<u>40,289,493</u>	<u>28,147,503</u>		
	<u>\$ 68,819,345</u>	<u>\$ 28,147,503</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 87% of the partnership's assets are valued based on quoted prices in active markets for identical assets. Approximately 13% 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 real estate is based on the appraised value of the Foundation's one-third ownership interest of a working ranch.
- (c.) Fair value of the investments in partnerships 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.
- (d.) This class includes Level 2 assets invested in hedge fund-of-funds. The June 30, 2023 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, 2023

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.

- (e.) 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. Fair value of funds at June 30, 2023 reach projected final closing in years 2025, 2026, 2028, 2029, 2030, 2032, 2033, and 2034. 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.
- (f.) This class includes investments in a diversified portfolio of private loans. The term of the of the partnership agreement is 10 years with the possibility of 2 two (2) two-year extensions in the discretion of the general partner. The fund distributes profits on a quarterly basis. Valuations are made by the general partner on a quarterly basis. The fair value of the investment in this class has been estimated using the net asset value per share on the investment.

The following table summarizes at June 30, 2023, 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	\$ 75,814,058	Market comparables	Third-party pricing information without adjustment	N/A
Beneficial interest in remainder trusts	\$ 1,563,508	Discounted cash flows	Discount rate	1.2% - 2.1% (1.8%)
			Expected rate of return	4.0% - 6.0% (5.3%)
Liabilities				
Charitable gift annuity obligations	\$ 1,517,204	Discounted cash flows	Discount rate	1.2% - 8.0% (3.4%)
Charitable trust obligations	\$ 1,757,386	Discounted cash flows	Discount rate	3.6% - 8.0% (7.13%)
			Expected rate of return	4.1% - 4.2% (4.2%)

Community Foundation of Tampa Bay, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023

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. The following reflects the Foundation's financial assets as of June 30, 2023, 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>\$ 663,874,004</u>
Less amounts not available to be used within one year	
Level 2 investments	96,745,203
Level 3 investments	49,618,958
Estates in process	1,370,031
Investments held in charitable remainder trusts	3,186,677
Beneficial interest in survivor trusts	1,563,508
Other assets	189,106
Property and equipment, net of accumulated depreciation	222,663
Less board designated funds	
Board designated matching fund	166,186
Board designated operating endowment fund	1,099,667
Board designated operating reserve funds	<u>3,553,899</u>
Total assets not available to be used within one year	<u>157,715,898</u>
Total financial assets available within one year for general expenditures within one year	<u>\$ 506,158,106</u>

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.

Community Foundation of Tampa Bay, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023

NOTE J - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS - Continued

The Foundation has a policy that gives the Foundation's board the authority to determine the annual spending rate for funds adhering to the board spending policy. At present, it is expected that the spending rate shall be neither less than 3.50% nor more than 5.50% each year based on the fund's average balance for the number of quarters in existence, up to twelve quarters, preceding December 31st of the year prior to distribution. The donor has the option to direct the Foundation to limit the distribution during the first twelve quarters.

NOTE K - SUBSEQUENT EVENTS

The Foundation has evaluated events and transactions occurring subsequent to June 30, 2023 as of November 14, 2023 which is the date the financial statements were available to be issued.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

Community Foundation of Tampa Bay, Inc.

June 30, 2023

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board of Directors
Community Foundation of Tampa Bay, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Community Foundation of Tampa Bay, Inc., which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 14, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Community Foundation of Tampa Bay, Inc.'s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Foundation of Tampa Bay, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Community Foundation of Tampa Bay, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Foundation of Tampa Bay, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Tampa, Florida
November 14, 2023