

**COMMUNITY FOUNDATION FOR
OCALA/MARION COUNTY, INC.
AND SUBSIDIARY**

**Independent Auditors' Report
and
Consolidated Financial Statements**

**As of and for the Year Ended
December 31, 2019**

**COMMUNITY FOUNDATION FOR OCALA/MARION COUNTY, INC.
AND SUBSIDIARY**

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DUGGAN, JOINER

& COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

O.H. DANIELS, JR., CPA*, CFP®, PFS, CVA
ANNETTE C. FURMAN, CPA*
JEREMY P. APPLIGATE, CPA*
SHEILA A. BARTCZAK, CPA*
DONNA E. BLAES, CPA*

LAURA J. ROBERSON, CPA*
ISAIDA M. TIJERINA, CPA*
JOSEPH P. BULLARD, CPA*
STACY L. MULKEY, CPA*
BRITTANY N. WYATT-HEIL, CPA*
CHERYL A. PIMLOTT, CPA*

334 NORTHWEST THIRD AVENUE • OCALA, FLORIDA 34475
PHONE (352) 732-0171 • FAX (352) 867-1370
WWW.DJCoCPA.COM

Members

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
FLORIDA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Community Foundation for Ocala/Marion County, Inc.

We have audited the accompanying consolidated financial statements of Community Foundation for Ocala/Marion County, Inc. (a nonprofit organization) and its subsidiary, which comprise the consolidated statement of financial position as of December 31, 2019 and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

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

To the Board of Directors of
Community Foundation for Ocala/Marion County, Inc.

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Community Foundation for Ocala/Marion County, Inc. and its subsidiary as of December 31, 2019, and the changes in their net assets and their 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 for Ocala/Marion County, Inc. and its subsidiary's 2018 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated August 5, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Duggan, Joiner & Company

Ocala, Florida

November 9, 2020

**COMMUNITY FOUNDATION FOR OCALA/MARION COUNTY, INC.
AND SUBSIDIARY**

Consolidated Statement of Financial Position

December 31, 2019

With Comparative Totals at December 31, 2018

	<u>2019</u>	<u>2018</u>
<u>Assets</u>		
Current Assets		
Cash and cash equivalents	\$ 120,687	\$ 34,132
Cash held on behalf of others	1,239,461	132,582
Other receivables	<u>0</u>	<u>7,186</u>
Total Current Assets	<u>1,360,148</u>	<u>173,900</u>
Property and equipment, net	<u>13,660</u>	<u>0</u>
Other Assets		
Investments	1,440,300	1,484,220
Deposits	<u>0</u>	<u>250</u>
Total Other Assets	<u>1,440,300</u>	<u>1,484,470</u>
Total Assets	<u><u>\$ 2,814,108</u></u>	<u><u>\$ 1,658,370</u></u>
<u>Liabilities and Net Assets</u>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 27,802	\$ 15,385
Deferred revenue	93,766	1,906
Assets held for others	<u>1,635,334</u>	<u>689,041</u>
Total Current Liabilities	<u>1,756,902</u>	<u>706,332</u>
Net Assets		
Net Assets without donor restrictions	967,570	952,038
Board designated net assets	<u>89,636</u>	<u>0</u>
Total Net Assets	<u>1,057,206</u>	<u>952,038</u>
Total Liabilities and Net Assets	<u><u>\$ 2,814,108</u></u>	<u><u>\$ 1,658,370</u></u>

The accompanying notes are an integral
part of these financial statements.

**COMMUNITY FOUNDATION FOR OCALA/MARION COUNTY, INC.
AND SUBSIDIARY**

**Consolidated Statement of Activities
For the Year Ended December 31, 2019
With Summarized Information for 2018**

	Community Foundation	Subsidiary	Total 2019	Total 2018
Changes in Net Assets without Donor Restrictions				
Support and Revenue				
Contributions	\$ 386,263	\$ 0	\$ 386,263	\$ 333,625
Interest and dividend income	22,545	2,014	24,559	28,666
Grant proceeds	0	0	0	20,000
Fee income	17,018	0	17,018	22,354
Membership dues	8,707	0	8,707	2,714
Net realized and unrealized gains (losses) on investments	129,117	12,159	141,276	(81,348)
Loss on equipment disposals	0	0	0	(480)
Other Income	5,067	0	5,067	398
In-kind contributions	<u>67,757</u>	<u>0</u>	<u>67,757</u>	<u>11,913</u>
Total Support and Revenue without Donor Restrictions	636,474	14,173	650,647	337,842
Net assets released from restrictions				
Restrictions satisfied by use	<u>276,791</u>	<u>0</u>	<u>276,791</u>	<u>0</u>
Total Support, Revenue, and Other Support without Donor Restrictions	<u>913,265</u>	<u>14,173</u>	<u>927,438</u>	<u>337,842</u>
Expenses				
Functional expenses				
Bank and management fees	16,044	0	16,044	13,303
Consultant fees	0	0	0	3,520
Depreciation	2,961	0	2,961	132
Dues and subscriptions	3,119	0	3,119	1,099
Insurance	4,493	0	4,493	1,189
Legal and professional fees	25,952	0	25,952	40,335
Leased labor	0	0	0	4,718
Marketing and advertising	13,589	0	13,589	9,326
Meals and entertainment	3,207	0	3,207	1,020
Office supplies and miscellaneous	39,124	0	39,124	4,671
Payroll	217,103	0	217,103	53,156
Payroll taxes	16,569	0	16,569	4,177
Rent	79,937	0	79,937	5,400
Staff development and training	2,273	0	2,273	3,170
Taxes and licenses	275	0	275	600
Technology hardware and software	10,940	0	10,940	2,726

(Continued)

**The accompanying notes are an integral
part of these financial statements.**

**COMMUNITY FOUNDATION FOR OCALA/MARION COUNTY, INC.
AND SUBSIDIARY
Consolidated Statement of Activities
For the Year Ended December 31, 2019
With Summarized Information for 2018**

	Community Foundation	Subsidiary	Total 2019	Total 2018
Expenses (Continued)				
Telephone and utilities	\$ 16,204	\$ 0	\$ 16,204	\$ 709
Workshops	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,943</u>
Total functional expenses	451,790	0	451,790	151,194
Program direct expenses				
Grants and donations	245,846	0	245,846	288,985
Scholarships	80,632	0	80,632	109,994
Misc. program direct expenses	<u>30,645</u>	<u>0</u>	<u>30,645</u>	<u>0</u>
Total program direct expenses	<u>357,123</u>	<u>0</u>	<u>357,123</u>	<u>398,979</u>
Total Expenses	<u>808,913</u>	<u>0</u>	<u>808,913</u>	<u>550,173</u>
Subsidiary transfer of net assets	<u>138,587</u>	<u>(138,587)</u>	<u>0</u>	<u>0</u>
Changes in Net Assets without Donor Restrictions	242,939	(124,414)	118,525	(212,331)
Changes in Net Assets with Donor Restrictions				
Support and Revenue				
In-kind contributions	68,458	0	68,458	0
Contract revenue	208,333	0	208,333	0
Net assets released from restrictions	<u>(276,791)</u>	<u>0</u>	<u>(276,791)</u>	<u>0</u>
Changes in Net Assets with Donor Restrictions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Assets without Donor Restrictions, Beginning of Year	827,624	124,414	952,038	1,164,369
Prior Period Adjustment (See Note 16)	<u>(13,357)</u>	<u>0</u>	<u>(13,357)</u>	<u>0</u>
Net Assets without Donor Restrictions, Beginning of Year as Restated	814,267	124,414	938,681	1,164,369
Net Assets without Donor Restrictions, End of Year	<u>\$ 1,057,206</u>	<u>\$ 0</u>	<u>\$ 1,057,206</u>	<u>\$ 952,038</u>

The accompanying notes are an integral
part of these financial statements.

**COMMUNITY FOUNDATION FOR OCALA/MARION COUNTY, INC.
AND SUBSIDIARY**

**Consolidated Statement of Cash Flows
For the Year Ended December 31, 2019
With Comparative Information for 2018**

	2019	2018
Cash Flows from Operating Activities:		
Change in Net Assets without Donor Restrictions	\$ 118,525	\$ (212,331)
Adjustments to reconcile change in net assets without donor restrictions to net cash used by operating activities:		
Depreciation	2,961	132
Net realized and unrealized (gains) losses on investments	(141,276)	81,348
Loss on equipment disposals	0	480
Changes in operating assets and liabilities:		
Decrease (increase) in other receivables	7,186	(4,809)
Increase in accounts payable and accrued expenses	12,417	2,239
Increase in deferred revenue	<u>91,860</u>	<u>1,906</u>
Net Cash Provided (Used) by Operating Activities	<u>91,673</u>	<u>(131,035)</u>
Cash Flows from Investing Activities:		
Net proceeds of investments	234,595	37,627
Net transfers from assets held on behalf of others	<u>867,166</u>	<u>56,295</u>
Net Cash Provided by Investing Activities	<u>1,101,761</u>	<u>93,922</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,193,434	(37,113)
Cash, Cash Equivalents, and Cash Held on Behalf of Others, Beginning of Year	<u>166,714</u>	<u>203,827</u>
Cash, Cash Equivalents, and Cash Held on Behalf of Others, End of Year	<u>\$ 1,360,148</u>	<u>\$ 166,714</u>
Supplemental Schedule of Noncash Investing and Financing Activities:		
Noncash activities include in-kind donations of equipment, rent, and office supplies.		
Supplemental disclosure of cash account balances:		
Schedule of cash, cash equivalents, and cash held on behalf of others, end of year		
Cash	\$ 120,687	\$ 34,132
Cash held on behalf of others	<u>1,239,461</u>	<u>132,582</u>
Total cash, cash equivalents, and cash held on behalf of others, end of year	<u>\$ 1,360,148</u>	<u>\$ 166,714</u>

The accompanying notes are an integral part of these financial statements.

**COMMUNITY FOUNDATION FOR OCALA/MARION COUNTY, INC.
AND SUBSIDIARY
Notes to Consolidated Financial Statements
December 31, 2019**

Note 1 - Summary of Significant Accounting Policies

Organization

Community Foundation for Ocala/Marion County, Inc. (Foundation) is a Florida nonprofit corporation incorporated under the provisions of Chapter 617, Florida Statutes in March, 2011. It was created to provide support for, and promote civic, cultural, community and economic development for the City of Ocala and Marion County, Florida. The Foundation's primary source of support is from community contributions via individual donor advised funds, agency funds, endowment funds, and family foundation funds. Foundation programs also include the non-profit business council and the estate planning council. Its wholly owned subsidiary, Accelerate Ocala First Step Fund, LLC (subsidiary), is a nonprofit Florida limited liability company formed in June, 2012, and dissolved in December, 2019; whose purpose is to assist business startups through loan guarantees. These entities comprise the Foundation. The Foundation's Board of Directors consists of volunteers who are elected by the Board.

Principles of Consolidation

The consolidated financial statements include the accounts of the Parent and its wholly owned subsidiary. All significant intercompany accounts and transactions have been eliminated in the consolidation.

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

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

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

Income Tax Status

Community Foundation for Ocala/Marion County, Inc. and subsidiary qualify as nonprofit organizations exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the consolidated financial statements do not reflect a provision for income taxes. The Foundation and subsidiary are classified as public charities and are not considered private foundations under the Internal Revenue Code.

Cash, Cash Equivalents and Cash Held on Behalf of Others

For purposes of the consolidated statement of cash flows, the Foundation considers all highly liquid investments with same day access and those investments purchased with a maturity of three months or less to be cash equivalents. There are no cash equivalents at December 31, 2019. At December 31, 2019, the Foundation and subsidiary have \$120,687 available in cash to meet cash needs for general expenditures within one year from year end.

Cash held on behalf of others represents funds held for the Magnolia Art Fund, Mary DeCasper Memorial fund, Collegium Sanctorum Angelorum Fund, Reilly Arts Center Expansion Fund, Gift Annuity and Ocala Skate Park Fund at December 31, 2019. The funds are held in bank accounts per fund agreements.

**COMMUNITY FOUNDATION FOR OCALA/MARION COUNTY, INC.
AND SUBSIDIARY
Notes to Consolidated Financial Statements
December 31, 2019**

Note 1 - Summary of Significant Accounting Policies, (Continued)

Liquidity and Availability of Financial Assets

The Foundation has \$120,687 of financial assets, available within one year of the statement of financial position date to meet cash needs for general operating expenditures, consisting of cash of \$120,687. As part of the Foundation's liquidity management plan, cash to pay for operating costs is requested from donors.

Receivables

Receivables are recorded by the Foundation for funds to be received from various sources. An allowance for uncollectible receivables has not been recorded, as all amounts are deemed collectible.

Investments

Investments are made according to the Investment Policy Statement adopted by the Foundation's Board. These guidelines provide for investment in equities, fixed income, and other securities with performance measured against appropriate indices. The Foundation contracts with outside parties to provide investment management and consulting services.

Investment purchases and sales are accounted for on a trade-date basis. Interest income is recorded when earned and dividends are recorded on the ex-dividend date.

The Foundation records investments at fair value under the provisions of fair value measurement and disclosures codified in ASC 820.

The fair value of investments in securities traded on national securities exchanges is valued at the closing price on the last business day of the fiscal year; traded on the over-the-counter market is valued at the last reported bid price.

Property, Equipment and Depreciation

The Foundation follows the practice of capitalizing at cost all expenditures for property and equipment in excess of \$2,500. Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions. Depreciation expense is computed using the straight-line method over the estimated useful life of the asset. Depreciation expense for 2019 was \$2,961. See Note 5.

Compensated Absences

Compensated absences for sick pay and personal time have not been accrued since there is no policy to pay sick or vacation compensation.

Assets Held for Others

The Foundation has adopted established standards for transactions in which a community foundation accepts a contribution from a nonprofit agency and agrees to hold those assets, the return on the investment of those assets, or both, for the benefit of that agency. The Foundation refers to these types of resources as designated agency, or agency endowment. These assets are held at fair market value under the provisions of fair value measurement and disclosures codified in ASC 820 and are classified as Level 1 inputs. See Note 3.

The designated agency agreements between the Foundation and the organizations allow for distributions per the spending policy of the Foundation. The agreements between the Foundation and the organizations or individuals allow for distribution of both income and principal. The resources received under these agreements are not considered contributions to the Foundation, and therefore have been classified as a liability.

**COMMUNITY FOUNDATION FOR OCALA/MARION COUNTY, INC.
AND SUBSIDIARY
Notes to Consolidated Financial Statements
December 31, 2019**

Note 1 - Summary of Significant Accounting Policies, (Continued)

Contributions Received

Contributions received are recorded as with or without donor restrictions depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. There were no donor restricted funds at December 31, 2019. A transfer of assets to the Foundation shall be accounted for as a liability if one or more of the following conditions is present:

- a. The transfer is subject to the resource provider's unilateral right to redirect the use of the assets to another beneficiary.
- b. The transfer is accompanied by the resource provider's conditional promise to give or is otherwise revocable or repayable.
- c. The resource provider controls the recipient organization and specifies an unaffiliated beneficiary.
- d. The resource provider specifies itself or its affiliate as the beneficiary and the transfer is not an equity transaction.

It is the Board's interpretation of accounting standards that all gifts received by the Foundation constitute assets without donor restrictions other than those with time restrictions on the use of the contributions such as pledges, bequests receivable, and trusts. The bylaws of the Foundation, under variance power, give the Board the authority to modify any restriction or condition on distribution of resources for any charitable purposes or for specific organizations if, in its sole judgment, such restrictions or conditions become, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served.

In-Kind Contributions

Contributions of equipment, rent, and office supplies have been recorded in the accompanying consolidated financial statements. These contributions are recorded at their estimated fair values at date of receipt. These contributions total \$136,215 for the year ended December 31, 2019. Equipment and office supplies contributed totaled \$67,757. See Note 11 on donated facilities.

Membership Dues

Membership dues for the nonprofit business council are annual memberships. Dues are recognized monthly as benefits are received. Dues not earned as of the year end are recorded as deferred revenue.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs benefited. The expenses that are allocated include occupancy which is allocated on a square foot basis, as well as personnel costs, information technology, and insurance, which are allocated on the basis of estimates of time and effort.

Marketing and Advertising

The Foundation expenses marketing and advertising costs as they are incurred and advertising communication costs the first time the advertising takes place. There was \$13,589 of marketing and advertising expense for the year ended December 31, 2019.

**COMMUNITY FOUNDATION FOR OCALA/MARION COUNTY, INC.
AND SUBSIDIARY
Notes to Consolidated Financial Statements
December 31, 2019**

Note 1 - Summary of Significant Accounting Policies, (Continued)

Accounting Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements with no effect on the previously reported changes in net assets.

Subsequent Events

The Foundation has evaluated events and transactions for potential recognition or disclosure in the consolidated financial statements through the date the consolidated financial statements were available to be issued, or November 9, 2020. No subsequent events have been recognized or disclosed, except as disclosed in Note 18.

Note 2 - Adoption of Accounting Pronouncement

In November 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-18, *Statement of Cash Flows (Topic 230) Restricted Cash*, ASU 2016-18 requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning of period and end of period total amounts shown on the statement of cash flows. The new standard is effective for the Foundation's year ending December 31, 2019 and thereafter and must be applied on a retrospective basis. The Foundation adopted the ASU effective January 1, 2019. Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements with no effect on the previously reported change in net assets.

Note 3 - Fair Value Measurements

Financial Accounting Standards Board (FASB), Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, 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 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

**COMMUNITY FOUNDATION FOR OCALA/MARION COUNTY, INC.
AND SUBSIDIARY
Notes to Consolidated Financial Statements
December 31, 2019**

Note 3 - Fair Value Measurements, (Continued)

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Foundation's investments at fair value as of December 31, 2019, all Level 1, are set forth below:

Cash in trust sweep & equivalent	\$ 136,543
Diversified strategies (liquid alts)	119,733
Equities	681,921
Fixed income funds	<u>502,103</u>
Total investments at fair value	<u>\$ 1,440,300</u>

Note 4 - Certificate of Deposit

The certificate of deposit bears interest at 0.45% and matures at 24 months, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the consolidated financial statements. The certificate of deposit collateralizes a loan to a local business startup through the subsidiary. The certificate of deposit matured and was closed in May, 2018. See Note 13.

Note 5 - Property, Equipment and Accumulated Depreciation

The following is a schedule of changes in equipment owned by the Foundation:

	Balance January 1, <u>2019</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2019</u>
Equipment	\$ 0	\$ 13,900	\$ 0	\$ 13,900
Leasehold improvements	0	2,721	0	2,721
Accumulated depreciation	<u>0</u>	<u>(2,961)</u>	<u>0</u>	<u>(2,961)</u>
Property and equipment, net	<u>\$ 0</u>	<u>\$ 13,660</u>	<u>\$ 0</u>	<u>\$ 13,660</u>

**COMMUNITY FOUNDATION FOR OCALA/MARION COUNTY, INC.
AND SUBSIDIARY
Notes to Consolidated Financial Statements
December 31, 2019**

Note 6 - Change in Assets Held for Others

The change in assets held for others is summarized as follows:

Balance, beginning of year	\$ 689,041
Additions:	
Contributions	1,326,487
Investment income	12,443
Net unrealized and realized gain	<u>71,022</u>
Total Additions	<u>1,409,952</u>
Deductions:	
Distributions	(459,321)
Investment expenses	<u>(4,338)</u>
Total Deductions	<u>(463,659)</u>
Change in balance	<u>946,293</u>
Balance, end of year	<u>\$1,635,334</u>

Note 7 - Income Taxes

Interest and penalties charged related to federal income tax positions are included in administrative expenses; no material interest and penalties are recorded in the year ended December 31, 2019. The Foundation and subsidiary are subject to U.S., federal, and state income tax examinations by taxing authorities for years 2017, 2018, and 2019.

Note 8 - Net Assets without Donor Restrictions

Net assets without donor restrictions include three endowment funds, three designated funds, and sixteen donor advised funds. Due to the variance powers provided to the Foundation in their bylaws, these funds are considered net assets without donor restrictions for consolidated financial statement presentation. However, the Board has indicated their intention to honor the donors' intent.

Note 9 - Board Designated Net Assets

In September 2019, the Board of Directors designated \$50,000 of net assets without donor restrictions as a general endowment fund to support the mission of the Foundation. The endowment fund is designated to be perpetual with principal intact and only earnings will be distributed. Use of the fund requires Board approval and is restricted for use by the Board. The investment policy follows the Foundation's overall policy. The changes to the net assets were contributions of \$35,385, investment income of \$4,438, fee expenses of \$187, and no distributions. At December 31, 2019 the endowment totaled \$89,636.

Note 10 - Contract Revenues

The Foundation entered into contracts with the Marion County Hospital District and AdventHealth, Marion County, Florida, and the City of Ocala, Florida to provide a Non-Profit Resource Center for the support and assistance to non-profit organizations. The Marion County Hospital District and AdventHealth provided \$100,000 of annual commitment beginning February, 2019 to reimburse expenses provided by the Foundation. Marion County, Florida provided \$100,000 of annual commitment beginning October 2019 to reimburse expenses provided by the Foundation. The City of Ocala, Florida provided \$100,000 of annual commitment beginning February, 2019 to reimburse expenses provided by the Foundation. For the year ended December 31, 2019, the Foundation included \$208,333 in restricted contract revenue and released from restrictions. At December 31, 2019, \$91,667 was included in deferred revenue.

**COMMUNITY FOUNDATION FOR OCALA/MARION COUNTY, INC.
AND SUBSIDIARY
Notes to Consolidated Financial Statements
December 31, 2019**

Note 11 - Donated Facilities

In April, 2020, the Foundation entered into a lease agreement with the Marion County Hospital District (Hospital District) whereby the Foundation would lease from the Hospital District certain premises owned by the Hospital District. The initial term of the lease began April 1, 2019 and was for a 408-month period that ends March 31, 2054, with an aggregate annual base rent of \$1. The Foundation and Hospital District determined that the fair value of the lease (which also includes utilities) was \$93,352 annually on a gross basis. In connection with the lease agreement, the Foundation included a contribution with donor restrictions of \$68,458 for approximately nine months of the lease. For the year ended December 31, 2019, net assets released from restrictions and rent expense were included in connection with this lease agreement.

Note 12 - Grants, Donations and Scholarships

Grants, donations and scholarships approved by the Foundation in 2019 consist of the following:

Reilly Arts Center	\$ 105,000
Angela Muns Scholarships	43,000
ARC of Marion, Inc.	37,623
Kimberly's Center	25,100
United Way of Marion County	22,125
St Paul's Center for Biblical Theology	20,000
West Chester University Foundation	20,000
Jerry Wayne Parks Endowment Scholarships	10,000
Boys & Girls Club of Marion County	6,750
Florida United Methodist Children's Home	5,000
American Red Cross	5,000
Public Education Foundation of Marion County	4,950
Marion County School District	4,405
American Heart Association	2,500
Project Hope	2,500
Women's Pregnancy Center	2,500
Xstreme Solutions	2,500
Florida PolyTechnic University Foundation	2,000
Other donations	5,525

Note 13 - Subsidiary

In December 2019, the subsidiary was dissolved. There were no operations in 2019, and the investment account distributed funds of \$138,587 to the Foundation.

Note 14 - Bequests

Bequests are recognized in the period the estate has gone through probate court and becomes irrevocable. The Foundation has been designated as the future recipient in a bequest.

Note 15 - Concentrations

The Foundation maintains accounts at banks, which are insured by the Federal Deposit Insurance Corporation ("FDIC"). At various times during the year these accounts may exceed the federally insured FDIC limits. The Foundation has not experienced a loss in these accounts and management believes the Foundation is not exposed to a significant credit risk. At December 31, 2019, the uninsured cash balance was \$128,167.

**COMMUNITY FOUNDATION FOR OCALA/MARION COUNTY, INC.
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements
December 31, 2019**

Note 16 - Prior Period Adjustment

In 2019, it was discovered that the Foundation had not classified some assets held for others in years prior to 2019. Therefore, a prior period adjustment was made to increase assets held for others at December 31, 2018. The effect of this prior period adjustment on the financial statements at December 31, 2018 was as follows:

Increase in assets held for others	\$13,357
Decrease in net assets without donor restrictions	\$13,357

Note 17 - Functional Classification of Expenses

Expenses by function for the year ended December 31, 2019 were as follows:

	Program Services	Management and General	Total Expenses
Bank and management fees	\$ 8,462	\$ 7,582	\$ 16,044
Depreciation	2,961	0	2,961
Dues and subscriptions	494	2,625	3,119
Insurance	3,323	1,170	4,493
Legal and professional fees	7,834	18,118	25,952
Marketing and advertising	2,961	10,628	13,589
Meals and entertainment	687	2,520	3,207
Office supplies and miscellaneous	37,962	1,162	39,124
Payroll	167,765	49,338	217,103
Payroll taxes	12,806	3,763	16,569
Rent	59,931	20,006	79,937
Staff development and training	630	1,643	2,273
Taxes and licenses	75	200	275
Technology hardware and software	8,670	2,270	10,940
Telephone and utilities	13,044	3,160	16,204
Totals	\$ 327,605	\$ 124,185	\$ 451,790

Note 18 - Subsequent Events

In December, 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the United States of America (U.S.). On March 11, 2020 the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact to the Foundation operations. Future potential impacts may include disruptions or restrictions on our employees' ability to work or on contributions received. Operation functions that may be changed include maintenance and services provided. Changes to the operating environment may increase operating costs. The future effects of these issues are unknown.

In August, 2020, the Foundation entered into a contract with Marion County, Florida to manage and monitor financial assistance grants to non-profit organizations in Marion County, Florida. The award amount of the grants is not to exceed \$6,000,000, and the Foundation's administrative cost cap managing fee is 5% for managing the grants.

See Note 11 on donated facilities contract signed subsequent to year end.