

CONSOLIDATED FINANCIAL STATEMENTS

**GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS**

June 30, 2022 and 2021



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October 25, 2022

The Board of Directors
Gulf Coast Community Foundation, Inc. and its Supporting Organizations
Venice, Florida

Independent Auditor's Report

Opinion

We have audited the accompanying consolidated financial statements of Gulf Coast Community Foundation, Inc. and its Supporting Organizations (Gulf Coast), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Gulf Coast as of June 30, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Gulf Coast and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Gulf Coast'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Gulf Coast'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.

Hill, Barth & King LLC

Certified Public Accountants

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

**GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS**

June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 13,155,187	\$ 24,683,603
Certificates of deposit	6,291,291	5,217,316
Investments	386,177,785	405,523,720
Charitable remainder trusts	1,885,406	2,925,505
Other assets	925,368	255,620
Property and equipment, net	2,649,318	1,809,280
TOTAL ASSETS	<u>\$ 411,084,355</u>	<u>\$ 440,415,044</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 330,610	\$ 364,337
Grants, grant initiatives and scholarships payable	3,317,698	144,481
Note payable	1,702,908	1,770,575
Annuity liability	4,759,480	5,814,216
Funds held for the benefit of others	19,686,745	23,017,383
TOTAL LIABILITIES	<u>29,797,441</u>	<u>31,110,992</u>
<u>NET ASSETS</u>		
Without donor restrictions	370,645,072	395,805,276
With donor restrictions	10,641,842	13,498,776
TOTAL NET ASSETS	<u>381,286,914</u>	<u>409,304,052</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 411,084,355</u>	<u>\$ 440,415,044</u>

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF ACTIVITIES
AND CHANGES IN NET ASSETS

GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS

Year ended June 30, 2022
(With comparative totals for the year ended June 30, 2021)

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTALS</u>	
			<u>2022</u>	<u>2021</u>
<u>SUPPORT AND REVENUES</u>				
Contributions	\$ 56,307,142	\$ 1,264,563	\$ 57,571,705	\$ 43,053,910
Investment return, net	(39,993,757)	(1,623,730)	(41,617,487)	85,269,891
Change in value of split interest agreements	40,811	169,328	210,139	(283,175)
Other revenue (expense)	308,731	(179,036)	129,695	(146,704)
Transfers	5,363	(5,363)	0	0
	<u>16,668,290</u>	<u>(374,238)</u>	<u>16,294,052</u>	<u>127,893,922</u>
Net assets released from restrictions	<u>2,482,696</u>	<u>(2,482,696)</u>	<u>0</u>	<u>0</u>
TOTAL SUPPORT AND REVENUES	<u>19,150,986</u>	<u>(2,856,934)</u>	<u>16,294,052</u>	<u>127,893,922</u>
<u>EXPENSES</u>				
Program services:				
Program grants and scholarships	37,476,158	0	37,476,158	45,424,638
Grant initiatives	3,265,678	0	3,265,678	2,153,514
Program services	997,906	0	997,906	1,001,477
TOTAL PROGRAM SERVICES	<u>41,739,742</u>	<u>0</u>	<u>41,739,742</u>	<u>48,579,629</u>
Supporting services:				
Management and general	1,433,380	0	1,433,380	1,454,130
Donor development	1,138,068	0	1,138,068	1,190,332
TOTAL SUPPORTING SERVICES	<u>2,571,448</u>	<u>0</u>	<u>2,571,448</u>	<u>2,644,462</u>
TOTAL EXPENSES	<u>44,311,190</u>	<u>0</u>	<u>44,311,190</u>	<u>51,224,091</u>
INCREASE (DECREASE) IN NET ASSETS	(25,160,204)	(2,856,934)	(28,017,138)	76,669,831
<u>NET ASSETS</u>				
Beginning of year	<u>395,805,276</u>	<u>13,498,776</u>	<u>409,304,052</u>	<u>332,634,221</u>
End of year	<u>\$ 370,645,072</u>	<u>\$ 10,641,842</u>	<u>\$ 381,286,914</u>	<u>\$ 409,304,052</u>

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF ACTIVITIES
AND CHANGES IN NET ASSETS (CONTINUED)

GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS

Year ended June 30, 2021
(With comparative totals for the year ended June 30, 2022)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	<u>TOTALS</u>	
			2021	2022
<u>SUPPORT AND REVENUES</u>				
Contributions	\$ 37,536,999	\$ 5,516,911	\$ 43,053,910	\$ 57,571,705
Investment return, net	81,750,221	3,519,670	85,269,891	(41,617,487)
Change in value of split interest agreements	745,764	(1,028,939)	(283,175)	210,139
Other revenue (expense)	(27,351)	(119,353)	(146,704)	129,695
Transfers	(1,383,947)	1,383,947	0	0
	<u>118,621,686</u>	<u>9,272,236</u>	<u>127,893,922</u>	<u>16,294,052</u>
Net assets released from restrictions	5,189,412	(5,189,412)	0	0
TOTAL SUPPORT AND REVENUES	<u>123,811,098</u>	<u>4,082,824</u>	<u>127,893,922</u>	<u>16,294,052</u>
<u>EXPENSES</u>				
Program services:				
Program grants and scholarships	45,424,638	0	45,424,638	37,476,158
Grant initiatives	2,153,514	0	2,153,514	3,265,678
Program services	1,001,477	0	1,001,477	997,906
TOTAL PROGRAM SERVICES	<u>48,579,629</u>	<u>0</u>	<u>48,579,629</u>	<u>41,739,742</u>
Supporting services:				
Management and general	1,454,130	0	1,454,130	1,433,380
Donor development	1,190,332	0	1,190,332	1,138,068
TOTAL SUPPORTING SERVICES	<u>2,644,462</u>	<u>0</u>	<u>2,644,462</u>	<u>2,571,448</u>
TOTAL EXPENSES	<u>51,224,091</u>	<u>0</u>	<u>51,224,091</u>	<u>44,311,190</u>
INCREASE (DECREASE) IN NET ASSETS	72,587,007	4,082,824	76,669,831	(28,017,138)
<u>NET ASSETS</u>				
Beginning of year	323,218,269	9,415,952	332,634,221	409,304,052
End of year	<u>\$ 395,805,276</u>	<u>\$ 13,498,776</u>	<u>\$ 409,304,052</u>	<u>\$ 381,286,914</u>

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

GULF COAST COMMUNITY FOUNDATION, INC. AND ITS SUPPORTING ORGANIZATIONS

Years ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Increase (decrease) in net assets	\$ (28,017,138)	\$ 76,669,831
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Non-cash donations	(21,843,667)	(6,440,637)
Net realized and unrealized (gain) loss on investments	47,312,423	(86,524,303)
Realized loss on disposal of asset	2,591	0
Depreciation	113,071	146,019
Change in value of split interest agreements	307,599	(878,492)
(Increase) decrease in operating assets:		
Charitable remainder trusts	732,500	1,791,055
Other assets	(669,748)	220,870
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(33,727)	63,977
Grants, grants initiatives and scholarships payable	3,173,217	(338,326)
Annuity liability	(1,054,736)	(152,829)
Funds held for the benefit of others	(3,330,638)	6,253,426
NET CASH USED IN OPERATING ACTIVITIES	<u>(3,308,253)</u>	<u>(9,189,409)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of certificates of deposit	(1,073,975)	(5,217,316)
Proceeds from sale of investments	180,275,190	411,453,852
Purchase of investments	(186,398,011)	(384,323,270)
Purchase of property and equipment	(955,700)	(10,863)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(8,152,496)</u>	<u>21,902,403</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds from note payable	0	497,887
Principal payments on note payable	(67,667)	(58,260)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(67,667)</u>	<u>439,627</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(11,528,416)</u>	<u>13,152,621</u>
<u>CASH AND CASH EQUIVALENTS</u>		
Beginning of year	24,683,603	11,530,982
End of year	<u>\$ 13,155,187</u>	<u>\$ 24,683,603</u>
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u>		
Cash paid during the year for interest	<u>\$ 51,384</u>	<u>\$ 38,867</u>

See accompanying notes to consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

GULF COAST COMMUNITY FOUNDATION, INC. AND ITS SUPPORTING ORGANIZATIONS

June 30, 2022 and 2021

NOTE A – ORGANIZATION

Together with our donors, Gulf Coast Community Foundation, Inc. and its supporting organizations (Gulf Coast) transform our region through bold and proactive philanthropy. Gulf Coast is a public charity that was created in 1995 with proceeds from the sale of The Venice Hospital. Since then, the foundation has grown to include hundreds of charitable funds established by donors and invested more than \$478 million in grants and initiatives in the areas of health and human services, civic and economic development, education, arts and culture, and the environment.

Gulf Coast Community Foundation, Inc. has three supporting organizations: The Venice Endowment, Inc.; Gulf Coast Strategic Investments, Inc. (GCSI); and S & G Moore Family Foundation, Inc.

The Venice Endowment, Inc. received \$85 million from the August 31, 1995, sale of The Venice Hospital to Bon Secours Health System. Including assets previously held by The Venice Hospital, net assets of The Venice Endowment, Inc. as of September 1, 1995, were approximately \$92 million. The Venice Endowment, Inc.'s purpose is to fulfill the charitable, educational, scientific, and cultural needs of the people of the City of Venice, Florida, and surrounding communities. It is organized and at all times shall be operated exclusively for the benefit of, to perform the functions of, and to carry out the purposes of Gulf Coast Community Foundation, Inc.

Until June 30, 2009, The Venice Endowment, Inc. held these assets, distributed grants, and collected income and contributions. On July 1, 2009, all component funds of The Venice Endowment, Inc. were transferred to Gulf Coast Community Foundation, Inc. These component funds continue to be held and managed by Gulf Coast Community Foundation, Inc. As of June 30, 2022, the net asset value of The Venice Endowment, Inc. component funds is approximately \$120 million. Since inception, investments in grants, initiatives, and scholarships from these funds have totaled approximately \$140 million.

Donors:

At Gulf Coast, our mission begins “together with our donors.” Their gifts help power the actions we take every day to transform our region. Our Gulf Coast family of donors includes individuals, families, corporations, organizations, and other foundations.

Gulf Coast works in thoughtful coordination with donors and their legal, financial, and tax advisors to create custom philanthropic action plans and steward their gifts to meet their wishes. Whether it's a donor advised fund to support their favorite charities or a planned estate gift that will create a permanent charitable endowment in their name, Gulf Coast listens to what each donor envisions for their giving and then helps turn their vision into reality.

Gulf Coast also offers donors intelligence on emerging community issues and assistance from our professional staff in identifying charitable projects most compatible with their interests. By engaging donors in Gulf Coast's regional initiatives, the foundation can help them have a much greater philanthropic impact in the community than they might on their own.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS**

June 30, 2022 and 2021

NOTE A – ORGANIZATION (CONTINUED)

Community Leadership:

In its role as a regional leader, Gulf Coast identifies priority issues through quantitative and qualitative research, then creates and funds catalytic community initiatives that target those priorities. These initiatives typically involve cross-sector collaboration and aim to leverage additional philanthropic funding from within and beyond our region.

Among the initiatives in which Gulf Coast and our donors invested this year are:

- Responding to the needs of those most vulnerable to the **health and economic impacts of the COVID-19 pandemic** in our region
- Improving coordination and service delivery to assist **chronically homeless adults** and **unaccompanied youth** in Sarasota County to overcome homelessness
- Coordinating with local officials on opportunities to **reform the criminal justice system**
- Convening, leading, and funding strategic projects to **improve environmental quality** in the Gulf Coast region and educate citizens on the benefits of a healthy environment
- Strengthening the board governance and operational effectiveness of nonprofit organizations throughout our region (**Invest in Incredible**)
- Creating a system of care that responds effectively to the **mental health needs of children, youth, young adults, and their families** in Sarasota County

Gulf Coast also funds a variety of grants to support the work of nonprofit organizations in the region. Our grant programs include Leveraged Grants, which fund collaborative projects and programs that target regional priorities in measurable ways; Community Grants, which fund smaller projects at regional nonprofit organizations that can have significant impact in the community; Sponsorship Grants, which help our nonprofit partners maximize activities designed to raise funds and awareness for their work; and Arts Appreciation Grants, which provide unrestricted funding to cornerstone arts and cultural organizations in the region to help them meet their artistic missions.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidated Financial Statements:

The consolidated financial statements and notes are representations of Gulf Coast's management, who is responsible for their integrity and objectivity. The accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the consolidated financial statements. Within the accompanying consolidated financial statements, all significant inter-company transactions and accounts have been eliminated.

Basis of Accounting:

Gulf Coast prepares its consolidated financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS**

June 30, 2022 and 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition:

Gulf Coast recognizes contributions when a written commitment from a donor is received. Typically, Gulf Coast does not solicit pledges for contributions. Gulf Coast occasionally receives grant revenue from other not-for-profit organizations. This grant revenue is recorded as a contribution when the revenue is awarded on an unconditional basis.

Cash and Cash Equivalents:

Gulf Coast considers all short-term, highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash equivalents include money market funds, which are readily convertible to cash, and are stated at cost which approximates fair value.

Certificates of Deposit:

During the year ended June 30, 2021, Gulf Coast implemented a new reserve policy for all endowed funds. It invested a portion of every endowed fund into the Certificate of Deposit Account Registry Service (CDARS). CDARS allow investors to keep their money insured by staying below the Federal Deposit Insurance Corporation insurance limit of \$250,000 per depositor, per bank.

Investments:

Investments are stated at fair value, which represents the value on the date of donation or cost on the date of purchase plus reinvested earnings and appreciation or depreciation. Increases and decreases in fair value are recognized in the period in which they occur and the carrying values of the investments are adjusted to reflect these market fluctuations. Gains or losses on securities sold are computed on a specific-identification basis.

Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the consolidated statements of activities and changes in net assets as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Property and Equipment:

Property and equipment have been recorded at historical cost or fair value on the date of the donation. Gulf Coast capitalizes property and equipment purchases which exceed \$2,500 that significantly add to the productivity or extend the useful lives of property and equipment. Other expenditures for maintenance and repairs are charged to operations in the year the costs are incurred.

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

Building and improvements	7 to 39 years
Equipment	3 to 20 years

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS**

June 30, 2022 and 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants, Grant Initiatives, Scholarships Payable and Expense:

Grants, grant initiatives and scholarships payable consist of amounts which have been approved by the Board of Directors (the Board), but have not yet been paid to the recipients. Some grants made by the Board are contingent on activities to be performed by the recipient and funds are not released until those obligations are fulfilled. Grants, grant initiatives and scholarships are recorded as program grant expense when approved by the Board and committed and communicated to recipients. Occasionally grants approved by the Board are awarded based on a multi-year payment schedule. Multi-year grants are recorded as expense and payable when approved and committed and communicated to recipients.

Funds Held for the Benefit of Others:

Gulf Coast accounts for funds held for the benefit of others in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities* (FASB ASC 958). FASB ASC 958 establishes standards for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investments of those assets or both to another entity that is specified by the donor. FASB ASC 958 specifically requires that if a not-for-profit organization establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such asset as a liability. Gulf Coast refers to such funds as funds held for the benefit of others in the accompanying consolidated statements of financial position. Gulf Coast maintains variance power and legal ownership of certain funds held for the benefit of others and as such, continues to report the funds as assets of Gulf Coast. However, a liability has been established for the fair value of the funds.

Net Asset Classification:

Gulf Coast reports information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Gulf Coast. These net assets may be used at the discretion of Gulf Coast's management.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Gulf Coast or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires or is satisfied, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities and changes in net assets. If a restriction is fulfilled in the same time period in which the contribution is received, Gulf Coast records the support as net assets without donor restrictions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS**

June 30, 2022 and 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Variance Power:

Accounting principles generally accepted in the United States of America and FASB ASC 958 provide that if the governing body of an organization has the unilateral power to redirect the use of donor contributions to another beneficiary, such contributions must be classified as net assets without donor restrictions.

The Board of Directors of Gulf Coast has the ability known as variance power; however, the Board would generally intend to exercise this authority only if the stated purpose of a contribution becomes no longer applicable and incapable of fulfillment. Accordingly, Gulf Coast's consolidated financial statements classify the majority of funds, including the corpus of certain donor advised funds, as net assets without donor restrictions, but segregate for internal management and record keeping the portion that is held as donor advised from the funds that are currently available for grants administration.

FASB ASC 958 provides guidance for the classification of donor-restricted endowment funds that are subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The subtopic also provides for enhanced disclosures about endowment funds (both donor-restricted endowment funds and board designated endowment funds). Gulf Coast has determined its net assets do not meet the definition of an endowment under UPMIFA. However, Gulf Coast manages funds established by donors as endowed funds in accordance with terms set forth in the individual agreements.

Split Interest Agreements:

Gulf Coast has been named remainderman in several irrevocable charitable remainder trusts and gift annuities. Gulf Coast's beneficial interest in the trusts' assets is measured at the present value of the estimated future distributions expected to be received. Conversely, Gulf Coast's estimated annuity liability related to gift annuities is measured at the present value of the estimated future payments to be made. The present value of payments are calculated using applicable tax discount rates at the consolidated statements of financial position dates and annuity payout rates ranging from 4.2% to 10.6%, to be received by the designated beneficiaries over the terms of the trusts and annuities.

Contributions of gift annuities and charitable remainder trusts included as such on the consolidated statements of activities and changes in net assets were \$61,212 and \$1,441,139 for the years ended June 30, 2022 and 2021, respectively. Gains or losses resulting from changes in actuarial assumptions and accretions of the discount are recorded as change in value of split interest agreements in the consolidated statements of activities and changes in net assets. The amounts of related assets and liabilities are based on estimated maturity of the agreements. Actual results could differ from those estimates.

Charitable remainder trusts and charitable gift annuities are classified as with donor restrictions. Once the beneficial interest is passed to Gulf Coast, the remaining assets are released for use as without donor restrictions. Distributions of the annuities are paid from income first, then as a release of principal, if necessary.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS**

June 30, 2022 and 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status:

Gulf Coast Community Foundation, Inc. and its supporting organizations have been recognized by the Internal Revenue Service as tax-exempt organizations described in Section 501(c)(3) of the Internal Revenue Code. Income earned in furtherance of Gulf Coast's tax-exempt purpose is exempt from federal and state income taxes. Therefore, no provision for income taxes has been made.

Financial Instruments Not Measured at Fair Value:

Gulf Coast has certain financial instruments that are not measured at fair value on a recurring basis but nevertheless are recorded at amounts that approximate fair value due to their liquid or short-term nature. Such financial assets and financial liabilities include: cash and cash equivalents, other assets, accounts payable and accrued expenses, grants, grant initiatives and scholarships payable.

Functional Allocation of Expenses:

The costs of providing program and supporting services have been summarized on a functional basis in the consolidated statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the program and supporting services that benefited based upon function of activity and time spent by employees.

Estimates and Assumptions:

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from these estimates and assumptions.

Subsequent Events:

Management evaluated all activity of Gulf Coast through October 25, 2022, the date the consolidated financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition or disclosure in the consolidated financial statements or notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS**

June 30, 2022 and 2021

NOTE C – INVESTMENTS

Investments are comprised of the following at June 30:

	<u>2022</u>	<u>2021</u>
Growth instruments	\$ 252,470,925	\$ 284,329,432
Fixed income	70,878,998	73,215,980
Diversifiers	1,397,893	1,337,286
Hedge funds	51,299,643	40,320,561
Private equity	10,130,326	6,320,461
	<u>\$ 386,177,785</u>	<u>\$ 405,523,720</u>

The investment values above include a net accumulated unrealized gain (loss) of \$(37,911,136) and \$20,330,829 as of June 30, 2022 and 2021, respectively. For the year ended June 30, 2022, realized and unrealized gains (losses) of \$11,970,248 and (\$58,241,965), respectively, have been recognized in the consolidated statements of activities and changes in net assets. For the year ended June 30, 2021, realized and unrealized gains of \$62,151,266 and \$19,056,377, respectively, have been recognized in the consolidated statements of activities and changes in net assets.

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Land and improvements	\$ 345,605	\$ 345,605
Buildings and improvements	2,726,437	2,819,645
Equipment	659,263	647,408
Construction in progress	943,845	0
	<u>4,675,150</u>	<u>3,812,658</u>
Less accumulated depreciation	2,025,832	2,003,378
Net property and equipment	<u>\$ 2,649,318</u>	<u>\$ 1,809,280</u>

NOTE E – NOTE PAYABLE

In January 2021, Gulf Coast refinanced their note payable with a financial institution. Borrowings under the note payable are uncollateralized and bear interest at 2.89%. Monthly principal and interest payments are made based on a twenty year amortization period. As of June 30, 2022 and 2021, the outstanding balance on the note payable totaled \$1,702,908 and \$1,770,575, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS**

June 30, 2022 and 2021

NOTE E – NOTE PAYABLE (CONTINUED)

Principal due on the note payable for each of the five years following June 30, 2022 and thereafter are as follows:

2023	\$ 70,761
2024	72,833
2025	74,966
2026	77,161
2027	79,421
Thereafter	1,327,766
	<u>\$ 1,702,908</u>

NOTE F – FUNDS HELD FOR THE BENEFIT OF OTHERS

Gulf Coast maintains funds held for the benefit of others as a component part of its investment funds. These funds are pooled and managed in the same manner as all other investments held by Gulf Coast. The following is a summary of the activity for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Funds held for the benefit of others, beginning of year:	\$ 23,017,383	\$ 16,763,957
Contributions	1,457,081	2,650,675
Investment income	234,141	229,840
Realized and unrealized gain (loss) on investments	(2,005,069)	4,610,942
Grant payments	(2,833,050)	(1,107,238)
Investment management and administrative fees	(183,741)	(130,793)
Funds held for the benefit of others, end of year	<u>\$ 19,686,745</u>	<u>\$ 23,017,383</u>

NOTE G – FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Gulf Coast values certain assets in accordance with FASB ASC 820 which provides enhanced guidance for using fair value to measure assets and liabilities and clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the assets or liabilities and establishes a hierarchy that prioritizes the information used to develop those assumptions.

FASB ASC 820 requires Gulf Coast to present fair value measurements separately for each class of assets and liabilities held as of June 30, 2022 and 2021. The following table presents information about the classes of assets and liabilities that are measured at fair value on a recurring basis, and indicates the fair value hierarchy of the valuation techniques used to determine fair value.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS**

June 30, 2022 and 2021

NOTE G – FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

The three levels for measuring fair value are based on the reliability of inputs and are as follows:

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

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

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

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

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

Hedge funds - Gulf Coast's investments in private equity and hedge funds are not actively traded and are valued at NAV by the general partner/managing member based on such factors as the underlying partnerships' net assets, liquidity, the nature of the portfolio, and market conditions. Because of the inherent uncertainty of valuations, those estimated values may differ from the values that would have been used had a ready market for the partnerships and hedge fund existed. Gulf Coast believes that the carrying amounts of its hedge fund are reasonable estimates of fair value as of June 30, 2022 and 2021.

Real estate - Gulf Coast's real estate consists of donated condominium time shares and are measured at fair value based on listing prices recommended by a third party realtor. All of the condominiums have been sold as of June 30, 2022.

Charitable remainder trusts and annuity liability - The fair value of these assets and liabilities are estimated by discounting future cash flows using actuarial rates from mortality tables.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS**

June 30, 2022 and 2021

NOTE G – FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, Gulf Coast's assets and liabilities at fair value as of June 30, 2022:

Description	Total	Level 1	Level 2	Level 3
Assets:				
Growth instruments:				
U.S. equity	\$ 160,227,793	\$ 160,227,793	\$ 0	\$ 0
International developed	54,040,260	54,040,260	0	0
International emerging	37,445,682	37,445,682	0	0
Commodities	363,194	363,194	0	0
Real estate	393,996	393,996	0	0
Total growth instruments	<u>252,470,925</u>	<u>252,470,925</u>	<u>0</u>	<u>0</u>
Fixed income:				
Fixed income	70,878,998	70,878,998	0	0
Total fixed income	<u>70,878,998</u>	<u>70,878,998</u>	<u>0</u>	<u>0</u>
Diversifiers:				
Opportunistic fixed income	109,358	109,358	0	0
Special opportunities	1,288,535	1,288,535	0	0
Total diversifiers	<u>1,397,893</u>	<u>1,397,893</u>	<u>0</u>	<u>0</u>
Investments measured at net asset value*	61,429,969	0	0	0
Total investments	<u>386,177,785</u>	<u>324,747,816</u>	<u>0</u>	<u>0</u>
Charitable remainder trusts	1,885,406	0	0	1,885,406
Total Assets at Fair Value	<u>\$ 388,063,191</u>	<u>\$ 324,747,816</u>	<u>\$ 0</u>	<u>\$ 1,885,406</u>
Liabilities:				
Annuity liability	\$ 4,759,480	\$ 0	\$ 0	\$ 4,759,480
Funds held for the benefit of others	19,686,745	19,686,745	0	0
Total Liabilities at Fair Value	<u>\$ 24,446,225</u>	<u>\$ 19,686,745</u>	<u>\$ 0</u>	<u>\$ 4,759,480</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS**

June 30, 2022 and 2021

NOTE G – FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, Gulf Coast's assets and liabilities at fair value as of June 30, 2021:

Description	Total	Level 1	Level 2	Level 3
Assets:				
Growth instruments:				
U.S. equity	\$ 180,378,478	\$ 180,378,478	\$ 0	\$ 0
International developed	66,764,771	66,764,771	0	0
International emerging	36,670,557	36,670,557	0	0
Commodities	294,441	294,441	0	0
Real estate	221,185	205,185	16,000	0
Total growth instruments	<u>284,329,432</u>	<u>284,313,432</u>	<u>16,000</u>	<u>0</u>
Fixed income:				
Fixed income	<u>73,215,980</u>	<u>73,215,980</u>	<u>0</u>	<u>0</u>
Total fixed income	<u>73,215,980</u>	<u>73,215,980</u>	<u>0</u>	<u>0</u>
Diversifiers:				
Opportunistic fixed income	321,772	321,772	0	0
Special opportunities	<u>1,015,514</u>	<u>1,015,514</u>	<u>0</u>	<u>0</u>
Total diversifiers	<u>1,337,286</u>	<u>1,337,286</u>	<u>0</u>	<u>0</u>
Investments measured at net asset value*	<u>46,641,022</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total investments	405,523,720	358,866,698	16,000	0
Charitable remainder trusts	<u>2,925,505</u>	<u>0</u>	<u>0</u>	<u>2,925,505</u>
Total Assets at Fair Value	<u>\$ 408,449,225</u>	<u>\$ 358,866,698</u>	<u>\$ 16,000</u>	<u>\$ 2,925,505</u>
Liabilities:				
Annuity liability	\$ 5,814,216	\$ 0	\$ 0	\$ 5,814,216
Funds held for the benefit of others	<u>23,017,383</u>	<u>23,017,383</u>	<u>0</u>	<u>0</u>
Total Liabilities at Fair Value	<u>\$ 28,831,599</u>	<u>\$ 23,017,383</u>	<u>\$ 0</u>	<u>\$ 5,814,216</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS**

June 30, 2022 and 2021

NOTE G – FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

The fair values of the funds listed below have been estimated based on net asset value per share (or its equivalent) as reported by the investee. Fair value of the hedge funds and private equity funds is estimated based upon the net asset value per share (or its equivalent) as reported by the investee, however, these funds are not redeemable and represent partnership interests. While Gulf Coast does receive distributions from these funds, it cannot determine or estimate the period of time over which the underlying investment may be liquidated by the investees.

	<u>NAV in Funds</u> <u>June 30, 2022</u>	<u>Unfunded</u> <u>Commitments</u>	<u>Redemption</u> <u>Frequency</u>	<u>Redemption</u> <u>Notice Period</u>
Hedge funds	<u>\$ 51,299,643</u>	<u>\$ 0</u>	Quarterly	60 days
Private equity funds:				
Commonfund Capital Venture				
Partners VI, L.P.	\$ 676,103	\$ 192,200	n/a	n/a
University Technology Ventures, LP	111,889	125,312	n/a	n/a
Hirtle Callaghan Private Equity				
Offshore Fund XII Limited	8,405,682	3,677,304	n/a	n/a
SR One Capital Fund II-B, LP	195,072	1,091,700	n/a	n/a
Obvious Prime II, L.P.	125,000	375,000	n/a	n/a
Obvious Ventures IV, L.P.	54,000	846,000	n/a	n/a
Standard Crypto Venture Fund I, LP	250,000	750,000	n/a	n/a
JMI Equity Fund XI-B, L.P.	0	1,400,000	n/a	n/a
Kline Hill Partners Offshore Feeder				
Fund IV LP	150,580	4,849,420	n/a	n/a
Hull Street Energy Partners II				
(Parallel), L.P.	0	1,300,000	n/a	n/a
KSL Capital Partners VI, L.P.	0	1,400,000	n/a	n/a
Peppertree Capital Fund IX, LP	162,000	2,538,000	n/a	n/a
Total private equity funds	<u>\$ 10,130,326</u>	<u>\$ 18,544,936</u>		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS**

June 30, 2022 and 2021

NOTE G – FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

	<u>NAV in Funds June 30, 2021</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Hedge funds	<u>\$ 40,320,561</u>	<u>\$ 0</u>	Quarterly	60 days
Private equity funds:				
Commonfund Capital Venture				
Partners VI, L.P.	\$ 720,771	\$ 192,200	n/a	n/a
University Technology Ventures, LP	165,033	125,312	n/a	n/a
Hirtle Callaghan Private Equity				
Offshore Fund XII Limited	<u>5,434,657</u>	<u>5,804,752</u>		
Total private equity funds	<u>\$ 6,320,461</u>	<u>\$ 6,122,264</u>		

Hedge funds - The objective of the funds is to maximize risk-adjusted returns and achieve low correlation to the equity markets by investing in a diversified group of pooled investment vehicles. The fund may invest in investment vehicles domiciled both within and outside the United States. At a minimum, redemptions can be made in increments of \$10,000, provided that the greater of \$50,000 or 20% of the initial investment remains in the fund.

Private equity funds - The private equity funds are not redeemable by request and represent partnership interests. While Gulf Coast does receive distributions from these funds, it cannot determine or estimate the period of time over which the underlying investment may be liquidated by the investees.

The following is a reconciliation of the beginning and ending balances for assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the years June 30, 2022 and 2021:

	<u>Charitable Remainder Trusts</u>	<u>Annuity Liability</u>
Balance - June 30, 2020	\$ 3,838,068	\$ 5,967,045
Change in value of split interest agreements	878,492	929,258
Maturities	<u>(1,791,055)</u>	<u>(1,082,087)</u>
Balance - June 30, 2021	2,925,505	5,814,216
Change in value of split interest agreements	(307,599)	(169,328)
New agreements	0	46,184
Maturities	<u>(732,500)</u>	<u>(931,592)</u>
Balance - June 30, 2022	<u>\$ 1,885,406</u>	<u>\$ 4,759,480</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS**

June 30, 2022 and 2021

NOTE H – BOARD DESIGNATED NET ASSETS

Gulf Coast's Board has chosen to designate net assets without donor restrictions for the following purposes as of June 30:

	<u>2022</u>	<u>2021</u>
Designated:		
Initiative funds	\$ 3,795,327	\$ 2,525,870
Operating and grant reserve fund	6,716,631	5,711,082
Capital expenditures reserve fund	374,056	901,283
Total designated net assets without donor restrictions	<u>10,886,014</u>	<u>9,138,235</u>
Undesignated:	<u>359,759,058</u>	<u>386,667,041</u>
Total net assets without donor restrictions	<u>\$ 370,645,072</u>	<u>\$ 395,805,276</u>

NOTE I – DONOR RESTRICTED SUPPORT

Donor restricted net assets are available for the following purposes as of June 30:

	<u>2022</u>	<u>2021</u>
Charitable remainder trusts and gift annuity agreements	\$ 6,761,241	\$ 5,113,954
Funds designating specific organizations or projects to be supported	3,687,810	8,212,713
Other restricted contributions	50,000	10,000
	<u>\$ 10,499,051</u>	<u>\$ 13,336,667</u>

The following net assets are donor restricted investments in perpetuity, the income from which is expendable to support:

	<u>2022</u>	<u>2021</u>
Health & Human Services	\$ 142,791	\$ 162,109

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. Purposes for which donor restricted net assets were accomplished during the year ended June 30:

	<u>2022</u>	<u>2021</u>
Change in value of charitable gift annuity agreements and project funds	\$ 2,276,046	\$ 4,642,762
Grants from fund designating specific organizations to be supported	60,000	400,000
Other	146,650	146,650
	<u>\$ 2,482,696</u>	<u>\$ 5,189,412</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS**

June 30, 2022 and 2021

NOTE J – FUNCTIONAL EXPENSES

Functional expense classification within the consolidated statements of activities and changes in net assets consists of the following for the year ended June 30, 2022:

	Program Grants, Scholarships and Initiatives	Program Services	Management and General	Donor Development	Total
Program grants, scholarships and initiatives	\$ 40,741,836	\$ 0	\$ 0	\$ 0	\$ 40,741,836
Salary and benefits	0	782,511	961,803	765,960	2,510,274
Purchased services	0	85,537	202,161	152,662	440,360
Other	0	100,572	225,507	179,570	505,649
Depreciation	0	29,286	43,909	39,876	113,071
TOTAL	<u>\$ 40,741,836</u>	<u>\$ 997,906</u>	<u>\$ 1,433,380</u>	<u>\$ 1,138,068</u>	<u>\$ 44,311,190</u>

Functional expense classification within the consolidated statements of activities and changes in net assets consists of the following for the year ended June 30, 2021:

	Program Grants, Scholarships and Initiatives	Program Services	Management and General	Donor Development	Total
Program grants, scholarships and initiatives	\$ 47,578,152	\$ 0	\$ 0	\$ 0	\$ 47,578,152
Salary and benefits	0	757,437	921,426	831,671	2,510,534
Purchased services	0	91,172	194,058	143,714	428,944
Other	0	111,895	286,546	162,001	560,442
Depreciation	0	40,973	52,100	52,946	146,019
TOTAL	<u>\$ 47,578,152</u>	<u>\$ 1,001,477</u>	<u>\$ 1,454,130</u>	<u>\$ 1,190,332</u>	<u>\$ 51,224,091</u>

NOTE K – EMPLOYEE RETIREMENT PLAN

Gulf Coast has a voluntary retirement program available for eligible employees under Section 401(k) of the Internal Revenue Code. Employees may make contributions pursuant to a salary reduction agreement upon completion of 90 days of service and attaining age 21. The total amount deferred in any calendar year may not exceed the threshold set by the Internal Revenue Service.

Employer contributions may be made to eligible employees; however, these contributions are not required and will be determined each year by management. Further details of the plan are disclosed in the plan document. Estimated retirement plan contributions of \$208,268 and \$210,054 for the years ended June 30, 2022 and 2021, respectively, were recorded.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS**

June 30, 2022 and 2021

NOTE L – OPERATING LEASE COMMITMENTS

Gulf Coast has entered into operating lease agreements for office equipment and office space expiring through the year ended June 30, 2032. Minimum monthly payments on operating leases, in the aggregate, amount to \$84,489. Total expense for operating leases amounted to \$42,238 and \$60,620 for the years ended June 30, 2022 and 2021, respectively.

The future minimum payments under operating leases of equipment and space are as follows for the years ending June 30:

2023	\$ 45,322
2024	84,989
2025	86,506
2026	88,056
2027	87,221
Thereafter	395,383
	<u>\$ 787,477</u>

NOTE M – RELATED PARTY TRANSACTIONS

Certain board members and employees make contributions or have donor funds held by Gulf Coast. Board members and employees of Gulf Coast may serve on other not-for-profit organization boards that periodically receive grant money from Gulf Coast. Gulf Coast requires all board members and employees to complete signed conflict of interest forms annually and adhere to the requirements of the Conflict of Interest Policy.

Gulf Coast began the process of renovating its new Sarasota Philanthropy Center during the year ended June 30, 2022. The CEO of the construction contractor engaged for the project is a board member for Gulf Coast. The total amount of the contract is approximately \$1,000,000. A total of \$779,533 was paid towards the construction contract as of June 30, 2022.

NOTE N – CONCENTRATIONS OF CREDIT AND ECONOMIC RISK

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

Gulf Coast's investments are primarily invested in time deposits with high credit quality financial institutions, U.S. Treasury bonds and notes, government-backed mortgage securities, common stocks, venture capital funds, real estate and high credit quality corporate notes.

The investment securities are exposed to interest rate, market, credit and other risks depending on the nature of the specific investment. Accordingly, it is at least reasonably possible that these factors will result in changes in the value of Gulf Coast's investments, which could materially affect amounts reported in the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS**

June 30, 2022 and 2021

NOTE O – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

Gulf Coast's financial assets are considered unavailable when illiquid or not convertible to cash within one year, trust assets, assets held for others, endowments and board designated net assets. Because the Board has variance power, the Board designated net assets may be drawn upon at the discretion of the governing board, but this is not the intention of the Board. Gulf Coast has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due. Gulf Coast's financial assets available for general use expenditures within one year, consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 13,155,187	\$ 24,683,603
Certificates of deposit	6,291,291	5,217,316
Investments and charitable remainder trust assets	<u>388,063,191</u>	<u>408,449,225</u>
Total financial assets available within one year	<u>407,509,669</u>	<u>438,350,144</u>
Less amounts unavailable for general expenditures within one year:		
Donor advised, scholarship and supporting organization funds	144,144,900	147,680,557
CGAs and CRUTS	8,458,288	11,045,248
Agency funds	19,686,745	23,017,383
Restricted by donor for time or purpose	6,811,241	8,222,713
Restricted by donor in perpetuity	142,791	162,109
Donor restricted net assets subject to variance power	209,805,875	231,641,860
Board designated net assets	<u>10,886,014</u>	<u>9,138,235</u>
Total amounts unavailable for general expenditures within one year	<u>399,935,854</u>	<u>430,908,105</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 7,573,815</u>	<u>\$ 7,442,039</u>