

**SOUTHWEST FLORIDA COMMUNITY
FOUNDATION, INC.**

CONSOLIDATED FINANCIAL STATEMENTS

Years Ended June 30, 2017 and 2016

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To the Board of Trustees
Southwest Florida Community Foundation, Inc.
Fort Myers, Florida

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying consolidated financial statements of Southwest Florida Community Foundation, Inc. (a non-profit corporation), which comprise the consolidated statement of financial position as of June 30, 2017, and the related consolidated statements of activities and changes in net assets and consolidated cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated 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 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free of 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 auditor considers 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.

Opinion

In our opinion, the consolidated financial statement referred to above present fairly, in all material respects, the consolidated financial position of Southwest Florida Community Foundation, Inc. as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Southwest Florida Community Foundation, Inc. financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 8, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Hughes, Snell & Co., P.A.

HUGHES, SNELL & CO., P.A.

Fort Myers, Florida
November 7, 2017

SOUTHWEST FLORIDA COMMUNITY FOUNDATION, INC.

Consolidated Statement of Financial Position
June 30, 2017
(with Summarized Comparative Totals for 2016)

<u>ASSETS</u>		<u>2017</u>	<u>2016</u>
ASSETS			
Cash and cash equivalents	\$	9,867,626	\$ 428,287
Contributions receivable		1,626,355	1,674,222
Prepaid expenses		11,688	16,961
Investments in securities		76,590,336	68,270,062
Split interest agreements and remainder interests			
Interest in remainder and lead trusts		21,354,858	21,617,254
Charitable gift annuities		1,500,895	1,902,291
Other remainder interests		172,643	144,885
Property and equipment, net of accumulated depreciation		1,082,176	92,200
Other assets		48,339	19,572
		<u>112,254,916</u>	<u>94,165,734</u>
Total Assets \$		<u>112,254,916</u>	<u>\$ 94,165,734</u>
 <u>LIABILITIES AND NET ASSETS</u> 			
LIABILITIES			
Accounts payable and accrued expenses	\$	79,024	\$ 57,815
Funds restricted for programs		41,550	170,923
Grants payable		1,171,575	886,819
Funds held as agency endowment		2,689,520	2,910,657
Annuity obligations		855,157	1,341,210
Loans payable		10,149,000	-
		<u>14,985,826</u>	<u>5,367,424</u>
Total Liabilities		<u>14,985,826</u>	<u>5,367,424</u>
 NET ASSETS			
Unrestricted		73,807,107	65,331,850
Temporarily restricted		22,190,249	22,156,335
Permanently restricted		1,271,734	1,310,125
		<u>97,269,090</u>	<u>88,798,310</u>
Total Net Assets		<u>97,269,090</u>	<u>88,798,310</u>
Total Liabilities and Net Assets \$		<u>112,254,916</u>	<u>\$ 94,165,734</u>

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

SOUTHWEST FLORIDA COMMUNITY FOUNDATION, INC.

Consolidated Statement of Activities and Changes in Net Assets
Year Ended June 30, 2017
(with Summarized Comparative Totals for 2016)

	2017			2016	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Net Assets Total	Total
REVENUES AND OTHER SUPPORT					
Contributions					
General	\$ 6,401,960	\$ 133,016	\$ -	\$ 6,534,976	\$ 3,641,106
Funds awaiting agreements	-	54,521	-	54,521	4,038
Total Contributions	6,401,960	187,537	-	6,589,497	3,645,144
Interest and dividends	1,323,220	8	-	1,323,228	785,662
Miscellaneous income	76,916	1	-	76,917	5,026
Net realized gains (losses) on investments	1,235,626	-	-	1,235,626	558,854
Net unrealized gains (losses) on investments	5,431,892	173	-	5,432,065	(1,572,601)
Net investment and other income	8,067,654	182	-	8,067,836	(223,059)
Net assets released from restrictions	226,110	(187,719)	(38,391)	-	-
Total Revenues and Other Support	14,695,724	-	(38,391)	14,657,333	3,422,085
EXPENSES					
Programs					
Grants and scholarships awarded	3,915,765	-	-	3,915,765	4,064,411
Programs, net of partner support	770,870	-	-	770,870	862,655
Administrative	852,299	-	-	852,299	889,796
Development	294,468	-	-	294,468	270,592
Investment fees	199,559	-	-	199,559	191,073
Total Expenses	6,032,961	-	-	6,032,961	6,278,527
Payments and change in value of split interest agreements and interest in remainder and lead trusts	(187,506)	33,914	-	(153,592)	3,382,828
Change in net assets	8,475,257	33,914	(38,391)	8,470,780	526,386
Net Assets Beginning of Period	65,331,850	22,156,335	1,310,125	88,798,310	88,271,924
Net Assets End of Period	\$ 73,807,107	\$ 22,190,249	\$ 1,271,734	\$ 97,269,090	\$ 88,798,310

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

SOUTHWEST FLORIDA COMMUNITY FOUNDATION, INC.

Consolidated Statement of Cash Flows
Year Ended June 30, 2017
(with Summarized Comparative Totals for 2016)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 8,470,780	\$ 526,386
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	24,469	63,454
Noncash contributions	(1,229,422)	(1,401,734)
Net realized (gain) loss on investments	(1,235,626)	(558,854)
Net unrealized (gain) loss on investments	(5,432,065)	1,572,601
(Increase) decrease in:		
Contributions receivable	47,867	190,907
Prepaid expenses	5,273	24,359
Other assets	(28,767)	(19,572)
Split interest agreements and interest in remainder and lead trusts	636,034	(3,236,723)
Increase (decrease) in:		
Accounts payable and accrued expenses	21,209	11,449
Funds restricted for programs	(129,373)	57,570
Grants payable	284,756	365,019
Funds held as agency endowment	(221,137)	(335,906)
Annuity obligations	(486,053)	8,126
Net Cash Provided by (Used in) Operating Activities	727,945	(2,732,918)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(1,014,445)	(42,077)
Purchase of investments	(8,310,053)	(12,496,285)
Proceeds from sale of investments	7,886,892	15,261,745
Net Cash Provided by (Used in) Investing Activities	(1,437,606)	2,723,383
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of loans payable	10,149,000	-
Net Cash Provided by (Used in) Financing Activities	10,149,000	-
Net Increase (Decrease) in Cash and Cash Equivalents	9,439,339	(9,535)
Cash and Cash Equivalents at Beginning of Year	428,287	437,822
Cash and Cash Equivalents at End of Year	\$ 9,867,626	\$ 428,287

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

SOUTHWEST FLORIDA COMMUNITY FOUNDATION, INC.

Notes to Consolidated Financial Statements June 30, 2017 and 2016

NOTE A – PURPOSE OF FOUNDATION

The Southwest Florida Community Foundation (the “Foundation”) is a not-for-profit corporation exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and a public charity described in section 170(b)(1)(A)(vi) and 170(c) of the Code. The Foundation’s mission is regional change for the common good. The most significant activities include convening and facilitating diverse networks of regional stakeholders (philanthropy, business, nonprofit, education, government) who together explore regional challenges and opportunities and then design, fund and execute innovative initiatives and projects with nonprofit partners that bring needed change to our region which includes the counties of Hendry, Glades, Charlotte, Lee and Collier.

During the fiscal year 2017, the Foundation set up a not-for-profit organization called the SWFLCF Support Organization, Inc. (“Support Organization”). The Support Organization was organized as a Section 509(a)(3) of the Internal Revenue Code of 1986, as it may be amended “Code”, and qualifies as a Type I supporting organization exempt under Section 501(c)(3) of the Code. Its purpose is to acquire by lease, rehabilitate and restore the Atlantic Coast Line Railroad Depot (“Depot”) in Fort Myers, Florida, and construct a Collaboratory and Technology Hub adjacent to the Depot.

The Support Organization is included in the accompanying consolidated financial statements for the year ending 2017. The Foundation and the Support Organization are collectively referred to herein as the Foundation.

NOTE B – SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Foundation and the Support Organization. All significant intercompany accounts and transactions have been eliminated.

Basis of Accounting

The Foundation maintains its accounting records on the accrual basis of accounting. Accordingly, assets are recorded when the Foundation obtains the rights of ownership or is entitled to claims for receipt, and liabilities are recorded when the obligation is incurred. Unrealized gains and losses resulting from changes in market values of investment securities are recorded as net unrealized gains or losses on investments in the period in which the change occurs. Investments in marketable securities with readily determinable fair values are stated at fair market value in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Basis of Presentation

In accordance with GAAP, the Foundation presents its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

SOUTHWEST FLORIDA COMMUNITY FOUNDATION, INC.

Notes to Consolidated Financial Statements
June 30, 2017 and 2016

NOTE B – SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Permanently restricted net assets provide permanent endowments, with investment income either unrestricted as to donor intent or temporarily restricted. Gains and losses on investments, unless otherwise restricted by the donor, are classified in the same manner as investment income. Funds subject to time restrictions are classified as temporarily restricted.

Funds are only classified as permanently restricted for financial reporting purposes when both the donor does not allow principal invasions in the gift instrument and the governing documents of the Foundation do not provide for the invasion of principal.

The Statement of Activities includes certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Foundation’s financial statements for the year ended June 30, 2016, from which the summarized information was derived.

Board Designated Funds

The funds of the Foundation are generally classified as unrestricted net assets, because the governing instruments of the Foundation allow for the Foundation to exercise its variance power to modify any restrictions if such restriction becomes unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community.

Portions of the unrestricted funds of the Foundation have been designated by the Trustees for specific uses. It is the Foundation’s policy to use its best efforts to carry out the purpose, intent, and spirit of each donor’s gift. If a gift is not controlled by a gift instrument, then the final decision as to the distributions of these designated funds may be made solely by the Trustees of the Foundation.

The following is a schedule of Board Designated funds by type:

Fund Type	Market Value June 30, 2017	Market Value June 30, 2016
Field of Interest	\$ 19,301,209	\$ 16,855,785
Advised	17,277,598	12,811,364
Scholarship	14,016,914	12,815,128
Designated	17,159,110	14,969,274
Designated Principal	1,060,135	899,899
Total	\$ 68,814,966	\$ 58,351,450

SOUTHWEST FLORIDA COMMUNITY FOUNDATION, INC.

Notes to Consolidated Financial Statements
June 30, 2017 and 2016

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (continued)

Board Designated Funds (continued)

During fiscal year 2017, the Foundation had the following activities related to Board Designated funds:

	Board Designated Funds
Investment return	
Investment income	\$ 2,297,931
Net appreciation (depreciation)	4,873,991
Total investment income	7,171,922
Contributions to Board designated funds	7,991,840
Amounts appropriated for expenditure	(4,700,246)
Net transfers to Board designated funds	3,291,594
Total Change in Board Designated Funds	\$ 10,463,516

Contributions

The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. When restricted gifts are received, and the restrictions are met within the same reporting period, the gifts are recorded as unrestricted.

Fund Giving Policy

All funds under management of the Foundation, except for funds classified as donor advised or designated principal, are subject to the Foundation's stated giving policy. Giving policies of funds classified as donor advised or designated principal are dictated by their respective fund agreements. The amount to be distributed (given) from all other Foundation assets will be reviewed no less frequently than annually by the Foundation's Finance Committee and appropriate recommendations made to the Board of Trustees. It is expected that the annual amount to be distributed from Foundation invested assets will be between 3% and 5% of the average market values of the funds for the previous 12 quarters. The distributions may be taken from current income or, if current income is less than planned spending, from principal. In addition, the Finance Committee will review and consider the appropriate amount of assets to be held in highly liquid investments each year to ensure adequate cash flow.

Contributions Receivable and Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

SOUTHWEST FLORIDA COMMUNITY FOUNDATION, INC.

Notes to Consolidated Financial Statements
June 30, 2017 and 2016

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Equivalents

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

Investments

Investment securities are stated at market value. Donated investments are recorded at fair value at the time the contribution is received.

The Foundation's current policy states that the Foundation's investments shall be diversified to limit the specific risk associated with any single security or class of securities. The diversification is to be both by asset class and, within asset classes, by economic sector, industry, and market capitalization. Concentrations in one specific industry sector and concentrations in stock must not exceed 25% or in fixed income investments 4% for any one issuer (excluding US Government issues).

Concentration of Credit Risk

Financial instruments, which potentially subject the Foundation to concentration of credit risk, consist principally of temporary cash investments, receivables, and investments. The Foundation places its temporary cash and other investments with high-credit quality financial institutions and investment managers. Temporary cash and other investments may at times exceed federally and privately insured amounts.

Contributions receivable are principally from organizations and individuals within the Southwest Florida community. Realization of these items is dependent on various economic conditions.

Property and Equipment

The Foundation records its property and equipment at cost and depreciates such assets over the estimated useful lives of the related assets. The Foundation capitalizes all property and equipment expenditures in excess of \$5,000. Contributed property and equipment is recorded at fair value at the date of donation. Depreciation is computed for financial reporting purposes using the straight-line method.

Functional Expense Classification

The costs of providing various programs and other activities are included in program expenses on the statement of activities and changes in net assets.

Income Taxes

The Foundation is a not-for-profit corporation and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. It qualifies for the charitable contribution deduction under the Internal Revenue Code and has been classified as an organization that is not a private foundation under the Internal Revenue Code.

SOUTHWEST FLORIDA COMMUNITY FOUNDATION, INC.

Notes to Consolidated Financial Statements
June 30, 2017 and 2016

NOTE B – SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes (continued)

Currently, the prior three tax periods are open and subject to examination by the Internal Revenue Service. The Foundation is not currently under audit.

Based on an evaluation of the Foundation's tax positions, management believes all positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions has been recorded.

Agency Endowment Funds

Financial Accounting Standards have requirements 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 such fund, the community foundation must account for the transfer of such assets as a liability. The Foundation refers to these funds as agency endowment funds.

The Foundation maintains variance power and legal ownership of the agency endowment funds and reports the funds as assets of the Foundation equal to the fair value of the funds and a corresponding liability in the accompanying Statement of Financial Position. The consolidated financial statements are presented net of the activity in these funds.

The transactions of the agency endowment funds are recorded as changes in the asset account. The corresponding liability account is adjusted for the net activity recorded in the asset account.

At June 30, 2017 and 2016, the Foundation had 88 agency endowment funds totaling \$2,689,520 and \$2,910,657, respectively.

SOUTHWEST FLORIDA COMMUNITY FOUNDATION, INC.

Notes to Consolidated Financial Statements
June 30, 2017 and 2016

NOTE B – SIGNIFICANT ACCOUNTING POLICIES (continued)

Agency Endowment Funds (continued)

The following table summarizes the activity in the agency endowment funds for the years ending June 30, 2017 and June 30, 2016:	\$ 3,246,563
Fund Balances – July 1, 2015	
Contributions	5,600
Interest and dividends	37,298
Realized gains and (losses)	30,531
Unrealized gains and (losses)	(114,905)
Distributions	(285,301)
Investment manager fees	(9,129)
Agency Endowment Fund Balances – June 30, 2016	2,910,657
Contributions	52,004
Interest and dividends	50,761
Realized gains and (losses)	47,143
Unrealized gains and (losses)	208,848
Distributions	(572,207)
Investment manager fees	(7,686)
Agency Endowment Fund Balances – June 30, 2017	\$ 2,689,520

Use of Estimates

The preparation of consolidated financial statements in conformity with United States generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through November 7, 2017, the date which the consolidated financial statements were available to be issued.

New Accounting Pronouncements

In May 2015, the Financial Accounting Board (“FASB”) issued *Accounting Standards Update (“ASU”) No. 2015-07, Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)* (“ASU 2015-07”), which removes the requirement to present certain investments for which the practical expedient is used to measure fair value at net asset value within the fair value hierarchy table. The Foundation elected to early adopt ASU 2015-07 as of June 30, 2017, as permitted and has applied ASU 2015-07 retrospectively, as required. The Foundation presents investment disclosures required by ASU 2015-07 in the fair value hierarchy tables for 2017 and 2016 in Note D, “Fair Value Measurements.” There were no other impacts on the statements of financial position as of June 30, 2017 and June 30, 2016, and the statements of activities and changes in net assets for the years ending June 30, 2017 and June 30, 2016.

SOUTHWEST FLORIDA COMMUNITY FOUNDATION, INC.

Notes to Consolidated Financial Statements
June 30, 2017 and 2016

NOTE C – INVESTMENTS AND POOLED INVESTMENT ACCOUNTS

The market value and cost of investment securities as of June 30 are as follows:

	2017		2016	
	Market Value	Cost	Market Value	Cost
SEI Investments	\$ 76,132,507	\$ 74,280,197	\$ 67,603,886	\$ 71,369,588
Lucas Capital Mgt.	143,514	128,128	161,043	149,958
Investors' Security Trust	314,315	285,470	505,133	486,124
Totals	\$ 76,590,336	\$ 74,693,795	\$ 68,270,062	\$ 72,005,670

The primary long-term investment objective of the Foundation is to preserve real (inflation-adjusted) purchasing power of Foundation assets and earnings, after accounting for investment returns, spending and inflation. The Foundation Board of Trustees sets investment policies to supervise, monitor and evaluate the investment of Foundation assets. The established policies are reviewed periodically and modified as needed.

To provide better diversification of investments across a representative array of asset classes, the investment policy allows for investments in equities equal to 55% of the total portfolio, fixed income and cash equal to 30% of the total portfolio, and alternative investments equal to 15% of the total portfolio. These percentages may vary by +/- 15%, +/- 15%, and +/- 10% respectively.

The Foundation had alternative investments in diversified mutual funds at June 30, 2017, with a market value of \$2,645,949 and a cost of \$2,872,855. The difference between the original cost and the market value at June 30, 2017, has been included in unrealized gains (losses) on investments.

NOTE D – FAIR VALUE MEASUREMENTS

Financial Accounting Standards have established 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under Financial Accounting Standards 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.

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 asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

SOUTHWEST FLORIDA COMMUNITY FOUNDATION, INC.

Notes to Consolidated Financial Statements
June 30, 2017 and 2016

NOTE D – FAIR VALUE MEASUREMENTS (continued)

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 following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at June 30, 2017.

Direct holdings: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds and exchange traded funds: Valued at the net asset value ("NAV") of the shares held at year end as a readily determinable market value.

Alternative Investments - Hedge fund: Valued at NAV as a practical expedient. Value of the fund is determined using the fair value of the portfolio. The fair value of the portfolio is calculated independently by the fund's administrator and includes a valuation of the underlying investment funds net of management and other fees.

Split Interest Agreements:

Interest in remainder and lead trusts: Value is determined by calculating the present value of the future distributions expected to be received, using published life expectancy tables, an assumed growth rate of 5.0% and a 2.4% discount rate. Charitable gift annuities: Valued at the fair value of the donated assets which consist of publicly traded mutual funds. Other remainder interests: Value is calculated as the cash value of the insurance policy less the surrender charge.

Annuity obligations: Consist of the present value of the expected future payments, based on the expected mortality and earnings rate.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

SOUTHWEST FLORIDA COMMUNITY FOUNDATION, INC.

Notes to Consolidated Financial Statements
June 30, 2017 and 2016

NOTE D – FAIR VALUE MEASUREMENTS (continued)

The following table sets forth by level, within the fair value hierarchy, the Foundation’s financial instruments at fair value along with a reconciliation of investments measured at net asset value as of June 30, 2017:

	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 60,595	\$ -	\$ -	\$ 60,595
Direct holdings				
Domestic equity	625,039	-	-	625,039
International equity	32,104	-	-	32,104
Exchange traded funds	41,312	-	-	41,312
Mutual funds				
Money market funds	2,432,514	-	-	2,432,514
Domestic equity	32,077,281	-	-	32,077,281
International equity	16,688,505	-	-	16,688,505
Fixed income	<u>21,987,037</u>	<u>-</u>	<u>-</u>	<u>21,987,037</u>
Total investments in securities in the fair value hierarchy	<u>73,944,387</u>	<u>-</u>	<u>-</u>	<u>73,944,387</u>
Investments in securities at net asset value				
Alternative Investments – Hedge fund				<u>2,645,949</u>
Total investments in securities at fair value				<u>76,590,336</u>
Total investments in securities in the fair value hierarchy from above	<u>73,944,387</u>	<u>-</u>	<u>-</u>	<u>73,944,387</u>
Split interest agreements				
Interest in remainder and lead trusts	-	-	21,354,858	21,354,858
Charitable gift annuities	-	1,500,895	-	1,500,895
Other remainder interests	-	-	172,643	172,643
Total split interest agreements in the fair value hierarchy	<u>-</u>	<u>1,500,895</u>	<u>21,527,501</u>	<u>23,028,396</u>
Annuity obligations in the fair value hierarchy	<u>-</u>	<u>-</u>	<u>(855,157)</u>	<u>(855,157)</u>
Total investments in the fair value hierarchy	<u>\$ 73,944,387</u>	<u>\$ 1,500,895</u>	<u>\$ 20,723,444</u>	<u>\$ 96,117,626</u>

SOUTHWEST FLORIDA COMMUNITY FOUNDATION, INC.

Notes to Consolidated Financial Statements
June 30, 2017 and 2016

NOTE D – FAIR VALUE MEASUREMENTS (continued)

The following table sets forth by level, within the fair value hierarchy, the Foundation's financial instruments at fair value along with a reconciliation of investments measured at net asset value as of June 30, 2016:

	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 69,756	\$ -	\$ -	\$ 69,756
Direct holdings				
Domestic equity	560,672	-	-	560,672
International equity	26,461	-	-	26,461
Mutual funds				
Money market funds	767,636	-	-	767,636
Domestic equity	28,729,416	-	-	28,729,416
International equity	13,893,466	-	-	13,893,466
Fixed income	21,715,673	-	-	21,715,673
Total investments in securities in the fair value hierarchy	<u>65,763,080</u>	<u>-</u>	<u>-</u>	<u>65,763,080</u>
Investments in securities at net asset value Alternative Investments – Hedge fund				<u>2,506,982</u>
Total investments in securities at fair value				<u>68,270,062</u>
Total investments in securities in the fair value hierarchy from above	<u>65,763,080</u>	<u>-</u>	<u>-</u>	<u>65,763,080</u>
Split interest agreements				
Interest in remainder and lead trusts	-	-	21,617,254	21,617,254
Charitable gift annuities	-	1,902,291	-	1,902,291
Other remainder interests	-	-	144,885	144,885
Total split interest agreements in the fair value hierarchy	<u>-</u>	<u>1,902,291</u>	<u>21,762,139</u>	<u>23,664,430</u>
Annuity obligations in the fair value hierarchy	<u>-</u>	<u>-</u>	<u>(1,341,210)</u>	<u>(1,341,210)</u>
Total investments in the fair value hierarchy	<u>\$ 65,763,080</u>	<u>\$ 1,902,291</u>	<u>\$ 20,420,929</u>	<u>\$ 88,086,300</u>

SOUTHWEST FLORIDA COMMUNITY FOUNDATION, INC.

Notes to Consolidated Financial Statements
June 30, 2017 and 2016

NOTE D – FAIR VALUE MEASUREMENTS (continued)

Level 3 Gains and Losses

The table below sets forth a summary of changes in the fair value of the Foundation’s level 3 instruments for the year ended June 30, 2017:

	Interest in Remainder and Lead Trusts	Annuity Obligation	Other Remainder Interests
Balance, beginning of year	\$ 21,617,254	\$ (1,341,210)	\$ 144,885
Unrealized gains (losses)	863,892	295,520	(1,362)
Purchases, sales, issuances and settlements (net)	<u>(1,126,298)</u>	<u>190,533</u>	<u>29,120</u>
Balance, end of year	<u>\$ 21,354,848</u>	<u>\$ (855,157)</u>	<u>\$ 172,643</u>

The table below sets forth a summary of changes in the fair value of the Foundation’s level 3 instruments for the year ended June 30, 2016:

	Interest in Remainder and Lead Trusts	Annuity Obligation	Other Remainder Interests
Balance, beginning of year	\$ 18,301,242	\$ (1,333,084)	\$ 150,384
Unrealized gains (losses)	3,316,012	(8,126)	(34,619)
Purchases, sales, issuances and settlements (net)	<u>-</u>	<u>-</u>	<u>29,120</u>
Balance, end of year	<u>\$ 21,617,254</u>	<u>\$ (1,341,210)</u>	<u>\$ 144,885</u>

The following table sets forth a summary of the Foundation’s investments for which fair value is estimated using the net asset value per share as a practical expedient:

<u>Fair Value Estimated Using Net Asset Value at June 30, 2017</u>				
<u>Mutual Funds</u>	<u>Fair value</u>	<u>Unfunded Commitment</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Hedge fund	\$ <u>2,645,949</u>	\$ <u>-</u>	Quarterly	95 days

<u>Fair Value Estimated Using Net Asset Value at June 30, 2016</u>				
<u>Mutual Funds</u>	<u>Fair value</u>	<u>Unfunded Commitment</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Hedge fund	\$ <u>2,506,982</u>	\$ <u>-</u>	Quarterly	95 days

SOUTHWEST FLORIDA COMMUNITY FOUNDATION, INC.

Notes to Consolidated Financial Statements
June 30, 2017 and 2016

NOTE D – FAIR VALUE MEASUREMENTS (continued)

The Hedge fund comprises direct or indirect investment in offshore hedge funds of funds with an investment objective to achieve an attractive risk-adjusted return with moderate volatility and moderate directional market exposure over a full market cycle. The valuation techniques used to measure fair value attempt to maximize the use of observable inputs and minimize the use of unobservable inputs. Considerable judgment is required to interpret the factors used to develop estimates of the fair value. Valuations of the underlying investment funds are obtained and reviewed. The securities that are valued by the funds are interests in the investment funds and not the underlying holdings of such investment funds. Thus the inputs used to value the investments in each of the underlying funds may differ from the inputs used to value the underlying holdings of such funds. In determining the fair value of a security, the fund managers may consider any information that is deemed relevant regarding the portfolio security.

NOTE E – SPLIT INTEREST AGREEMENTS AND REMAINDER INTERESTS

Interests in Remainder Trusts

The Foundation is designated as a remainder beneficiary under various trusts, many of which are charitable remainder trusts. Under the terms of these agreements, the income beneficiaries receive distributions for a given term or life of the beneficiaries. At the end of the term, or upon the death of the income beneficiaries, assets remaining in the trust, which represent the remainder interest of the Foundation, will be transferred to the Foundation. The Foundation is neither the trustee nor does it exercise any control over the assets. The beneficial interest in these assets has been recorded at the present value of the estimated future benefits to be received, based on expected mortality and earnings rate.

Interests in Lead Trusts

The Foundation is a beneficiary under various lead trusts. Under the terms of these agreements, the Foundation receives income distributions for a given term or life of the donor. At the end of the term, or upon the death of the donor the Foundation no longer receives income distributions and is not entitled to trust assets. The Foundation is neither the trustee nor does it exercise any control over the assets. The beneficial interest in the income distributions has been recorded at the present value of the estimated future benefits to be received, based on the given term or expected mortality and earnings rate.

Charitable Gift Annuities

The Foundation has received donations in the form of charitable gift annuities. The charitable gift annuity is a combination of a gift to the Foundation and an annuity for the designated beneficiary. The donor transfers property to the Foundation and the Foundation promises to pay a given amount at the end of each selected payment period to the designated income beneficiary for life or the designated term of the annuity. At the end of the annuity period, the remainder is transferred to the Foundation with no probate cost.

SOUTHWEST FLORIDA COMMUNITY FOUNDATION, INC.

Notes to Consolidated Financial Statements
June 30, 2017 and 2016

NOTE E – SPLIT INTEREST AGREEMENTS AND REMAINDER INTERESTS (continued)

Charitable Gift Annuities (continued)

The assets received are recorded at their fair value and the related liability is recorded as an annuity obligation. Annuity obligations are recorded at the present value of the expected future payments, based on the expected mortality and earnings rate.

In accordance with Florida Statute Chapter 627, the Foundation is required to maintain minimum reserves plus a specified surplus related to outstanding annuity agreements. The reserve requirement at June 30, 2017 and 2016 were \$1,184,560 and \$1,445,949, respectively. The Foundation maintained more than the required total reserve amounts totaling \$1,500,895 as of June 30, 2017, and \$1,902,291 as of June 30, 2016.

Other Remainder Interests

The Foundation purchased a Joint and Survivor Life Insurance Policy on the lives of specified donors under an agreement for which they mutually understand the nature and purpose of the agreement. The gift made thereby is to provide an endowment fund. The face amount of the policy is \$1,500,000 and the present value of the Foundation's interest in the policy is estimated to be \$172,643 and \$144,885 at June 30, 2017 and 2016, respectively.

NOTE F – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2017	2016
Construction in progress	\$ 1,013,881	\$ -
Software and equipment	237,452	236,824
Leasehold improvements	81,397	81,833
Total Property and Equipment	1,332,730	318,657
Less: Accumulated Depreciation	(250,554)	(226,457)
Total Property and Equipment, Net	\$ 1,082,176	\$ 92,200

Depreciation expense included under administrative expenses was \$24,469 and 63,454 for the years ended June 30, 2017 and 2016, respectively. Construction in progress is not currently subject to depreciation.

The New Market Tax Credit Transaction (see NOTE G) provided funds to rehabilitate and restore the Historic Depot and construct a 10,000± square foot building adjacent to it. The project budget totals \$10,069,505 of which \$796,583 has been expended by the Support Organization as of June 30, 2017, and included in construction in progress above. The remaining amount of \$217,298 in construction in progress consists of capitalized interest, loan fees, insurance, and other fees paid by the Foundation related to its loan with Whitney Bank (see Note G). Interest expense capitalized was \$149,798 for 2017.

SOUTHWEST FLORIDA COMMUNITY FOUNDATION, INC.

Notes to Consolidated Financial Statements
June 30, 2017 and 2016

NOTE G – NEW MARKET TAX CREDIT FINANCING

During the fiscal year 2017, the Foundation entered debt transactions to make funds available to it through the New Markets Tax Credit (“NMTC”) Program. As part of these transactions, the Foundation created a new entity named SWFLCF Support Organization, Inc. (as described above in Note A – Purpose of Foundation).

The NMTC Program permits taxpayers to claim a credit against federal income taxes for Qualified Equity Investments (“QEIs”) in designated Community Development Entities (“CDEs”). These designated CDEs must use substantially all (85%) of the proceeds to make Qualified Low-Income Community Investments (“QLICs”). The investor is provided with a tax credit, which is claimed over a seven-year period.

On December 22, 2016, the Foundation borrowed \$7,300,000 from Whitney Bank with interest only monthly payments at the rate of 4.25% per annum for seven years with the balance to be paid on December 22, 2023. The Foundation has entered into an agreement with the landlord who will provide the funds to repay the balance of the loan on December 22, 2023. As security for the loan, the Foundation pledged part (\$9,125,000) of its securities investments and must maintain a loan to value ratio not to exceed 80%.

On December 22, 2016, the Foundation loaned \$6,651,000 to the Twain Investment Fund (the “Fund”) and contributed \$569,509 to the Support Organization. The Fund also received equity from a tax credit investor and then made a QEI in FCNMF 19, LLC (the CDE), wholly owned subsidiary of the Florida Loan Community Fund. The Fund loan requires interest only to be paid at the rate of 1% per annum to the Foundation.

The CDE made two loans to the Support Organization in the amount of \$6,651,000 (Facility A Loan) and \$2,849,000 (Facility B Loan) totaling \$9,500,000. Facility loans A and B require interest only to be paid at the rate of 1.434% per annum commencing on a semi-annual basis on June 1, 2017 and ending on June 1, 2024. After that time, semi-annual payments of interest and principal in arrears sufficient to fully amortize the principal balance over the remaining term of the loans are to be made ending on the maturity date of December 1, 2051, or an accelerated date based on the occurrence of any uncured event of default.

In making the Fund loan, the Foundation entered into an agreement with U.S. Bancorp Community Development Corporation (“USBCDC”), owner of the Fund. This agreement allows USBCDC to put its interest in the Fund to the Foundation for a six-month period (“Put Option Period) commencing on December 23, 2023. If USBCDC elects to exercise this put option, the Foundation will pay a purchase price of \$1,000 plus any transfer taxes or closing costs. If the put is not exercised, the Foundation can exercise a call option during the following six-month period to purchase USBCDC’s ownership interest in the fund at an amount equal to the fair market value of the ownership interest as determined by mutual agreement among the parties, or if there is no such agreement, then by a qualified independent appraiser.

SOUTHWEST FLORIDA COMMUNITY FOUNDATION, INC.

Notes to Consolidated Financial Statements
June 30, 2017 and 2016

NOTE H – GRANT COMMITMENTS

The Foundation has approved grants payable in the following years:

Year Ended June 30,	
2018	\$ 864,675
2019	177,450
2020	107,450
2021	8,000
2022	4,000
Thereafter	10,000
	<u>\$ 1,171,575</u>

NOTE I – LEASE COMMITMENTS

The Foundation leases office space under a lease agreement dated effective June 24, 2011, for a period of seven (7) years. The monthly base rent as of June 30, 2017, was \$4,745 and increases four percent (4%) each year of the term of the lease. Additionally, there is a monthly fee of \$2,311 added to the base rent for common area maintenance costs. Rent expense for the years ending June 30, 2017 and 2016 was \$83,809 and \$85,775, respectively. At the end of the lease term the Foundation may renew the lease for an additional five (5) more years. The future minimum lease obligation under the agreement for the remainder of the term is \$83,031 as of June 30, 2017.

The Foundation maintains a presence within its service areas in three satellite locations (Sanibel, LaBelle, and the Historic River District in Fort Myers) for the purposes of donor outreach under various agreements generally on a month-to-month basis cancellable with thirty (30) days' notice. Expenses for the years ending June 30, 2017 and 2016 are \$12,724 and \$7,500, respectively.

The Support Organization entered into a lease and development agreement on December 12, 2016, to lease the Depot (see Note A) and the real property on which it is located for a term of forty (40) years with the right to renew the lease for five (5) additional ten (10) year terms. The rent for the term of the lease and any renew periods is \$1.00 per annum. The Support Organization is required to substantially rehabilitate and restore the Historic Depot to its original design and character and construct a 10,000± square foot building adjacent to the Historic Depot.

On December 22, 2016, the Foundation entered an operating lease agreement with the Support Organization to lease the property from the Support Organization for a period of forty (40) years beginning on June 1, 2018 and ending on June 1, 2046. The base rent shall be paid semi-annually in arrears on June 1 and December 1 of each calendar year. The rent for the period from June 1, 2018, to June 1, 2024, is \$157,000 per annum and for the period from June 1, 2024, to June 1, 2046, is \$445,000 per annum. The Foundation shall be responsible for insurance, repairs, maintenance, and utilities on the property.

SOUTHWEST FLORIDA COMMUNITY FOUNDATION, INC.

Notes to Consolidated Financial Statements
June 30, 2017 and 2016

NOTE I – LEASE COMMITMENTS (continued)

The Foundation entered into an equipment lease agreement with the Support Organization to lease equipment to be purchased through the NMTC Tax Credit Financing (see Note F and Note G) beginning June 1, 2018, and ending on December 1, 2020. The Foundation shall make semi-annual rent payments of \$3,500 beginning on December 1, 2018. Upon the expiration of the term of this lease, the Foundation may purchase the equipment at fair market value as determined by an appraisal mutually acceptable to the Foundation and the Support Organization.

NOTE J – RETIREMENT PLANS

The Foundation adopted the 403(b) Thrift Plan for Southwest Florida Community Foundation, Inc. (the “403(b) Plan”) as of January 1, 2015, for the benefit of its employees. All employees scheduled to work at least 1,000 hours per calendar year are eligible to participate as of the first of the month following or coincident with their dates of hire. Employees are allowed to contribute up to the amount allowed by the Internal Revenue Code and the Foundation will match up to 3% of the employees’ salaries. Participants in the Plan are 100% vested in the Foundation’s contributions. The Foundation’s contributions for the years ending June 30, 2017 and June 30, 2016 were \$23,977 and \$23,685, respectively.

The Foundation adopted, as of July 1, 2016, an Eligible 457(b) Deferred Compensation Plan and an Eligible 457(f) Deferred Compensation Plan for the President & Chief Executive Officer of the Foundation. The plans have a graduated vesting schedule whereby the President & Chief Executive Officer is 50% vested after five (5) years; 75% vested after seven (7) years and 100% vested after 10 years of service after the date of the inception of the plans. Contributions to these plans, made by the Foundation as determined by the Board of Trustees based upon the employee’s performance, totaled \$25,350 and \$19,500 for the year ended June 30, 2017 and 2016, respectively. The plans total assets of \$48,339 and \$19,572 as of June 30, 2017 and 2016, respectively, are included on the Foundation’s Statements of Financial Position as an asset and a corresponding liability.

The following table presents a reconciliation for the balance of the 457(b) and 457(f) plans for the years ending June 30, 2017 and 2016, respectively:

	457(b) Plan	457(f) Plan
Beginning balance, July 1, 2016	\$ 18,067	\$ 1,505
Employer contributions	18,000	7,350
Investment return	2,844	573
Ending balance, June 30, 2017	\$ 38,911	\$ 9,428
	457(b) Plan	457(f) Plan
Beginning balance, July 1, 2015	\$ -	\$ -
Employer contributions	18,000	1,500
Investment return	67	5
Ending balance, June 30, 2016	\$ 18,067	\$ 1,505

SOUTHWEST FLORIDA COMMUNITY FOUNDATION, INC.

Notes to Consolidated Financial Statements
June 30, 2017 and 2016

NOTE K - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	2017	2016
Funds awaiting agreements	\$ 58,559	\$ 4,038
Interest in remainder and lead trusts	21,354,858	21,617,254
Charitable gift annuities	645,738	561,081
Other remainder interests	172,643	144,885
Funds restricted for programs	(41,549)	(170,923)
Totals	\$ 22,190,249	\$ 22,156,335

Permanently restricted net assets consist of the following:

	2017	2016
Advised funds	\$ 567,625	\$ 590,125
Designated funds	355,000	355,000
Field of interest funds	57,796	45,000
Designated principal funds	85,000	65,000
Scholarship funds	206,313	215,000
Community unrestricted funds	-	40,000
Totals	\$ 1,271,734	\$ 1,310,125

NOTE L - ENDOWMENT NET ASSETS

The Foundation adopted authoritative guidance intended to improve the quality and consistency of financial reporting of endowments held by not-for-profit organizations. This guidance provides clarity on classifying the net assets associated with donor-restricted endowment funds held by an organization that is subject to the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA).

The guidance also requires additional disclosures about endowments (both donor-restricted funds and board-designated funds) for all organizations.

Endowment Funds

The Foundation's endowment consists of approximately 443 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence of donor-imposed restrictions.

SOUTHWEST FLORIDA COMMUNITY FOUNDATION, INC.

Notes to Consolidated Financial Statements June 30, 2017 and 2016

NOTE L - ENDOWMENT NET ASSETS (continued)

Interpretation of Relevant Law

The Board of Trustees of the Foundation has interpreted FUPMIFA as requiring the preservation of the fair value of the original endowed gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as unrestricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by FUPMIFA.

In accordance with FUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period as well as board-designated funds. The primary objective of the Finance Committee is to provide for adequate, total investment return without undue exposure to market risk to enable the Foundation to accomplish its charitable purpose and to support programs on a continuing and reasonably consistent basis.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

SOUTHWEST FLORIDA COMMUNITY FOUNDATION, INC.

Notes to Consolidated Financial Statements
June 30, 2017 and 2016

NOTE L - ENDOWMENT NET ASSETS (continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year between 3% and 5% of the average of its endowment funds' quarterly fair values over the prior 12 quarters through the fiscal year-end proceeding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its net assets. This is consistent with the Foundation's objective to provide for adequate total investment return without undue exposure to market risk.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor required the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported as a reduction in unrestricted net assets were approximately \$23,876 and \$28,965 as of June 30, 2017 and 2016, respectively. These deficiencies resulted from unfavorable market fluctuations, minimum balances lower than required not met, and continued appropriation for certain programs that was deemed prudent by the Board of Trustees.

Changes in Endowment Net Assets

	2017		
	Board Designated	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 57,041,325	\$ 1,310,125	\$ 58,351,450
Contributions	7,991,840	-	7,991,840
Investment returns:			
Investment income	2,297,931	-	2,297,931
Net appreciation (depreciation)	4,873,991	-	4,873,991
Satisfaction of program restrictions	(4,661,855)	(38,391)	(4,700,246)
Endowment net assets, end of year	\$ 67,543,232	\$ 1,271,734	\$ 68,814,966

SOUTHWEST FLORIDA COMMUNITY FOUNDATION, INC.

Notes to Consolidated Financial Statements
June 30, 2017 and 2016

NOTE L - ENDOWMENT NET ASSETS (continued)

	2016		
	Board Designated	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 58,268,163	\$ 1,345,125	\$ 59,613,288
Contributions	4,186,373	-	4,186,373
Investment returns:			
Investment income	1,176,942	-	1,176,942
Net appreciation (depreciation)	(1,395,559)	-	(1,395,559)
Satisfaction of program restrictions	(5,194,594)	(35,000)	(5,229,594)
Endowment net assets, end of year	\$ 57,041,325	\$ 1,310,125	\$ 58,351,450