Collaboratory℠

CONSOLIDATED FINANCIAL STATEMENTS

Years Ended June 30, 2022 and 2021

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Hughes, Snell & Co., PA
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of the Southwest Florida Community Foundation, Inc. dba Collaboratory (a Florida not-for-profit corporation), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 consolidated financial position of the Southwest Florida Community Foundation, Inc. dba Collaboratory as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 the Southwest Florida Community Foundation, Inc. dba Collaboratory and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated 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 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 the Southwest Florida Community Foundation, Inc. dba Collaboratory's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

1470 Royal Palm Square Boulevard • Fort Myers, FL 33919
Phone: (239) 939-2233 • Fax: (239) 939-0554 • www.hughessnell.com

Auditor’s Responsibilities for the Audit of the Consolidated 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 the Southwest Florida Community Foundation, Inc. dba Collaboratory'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 the Southwest Florida Community Foundation, Inc. dba Collaboratory'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.

Report on Summarized Comparative Information

We have previously audited the Southwest Florida Community Foundation, Inc. dba Collaboratory's consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 9, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Hughes, Snell & Co., P.A.

HUGHES, SNELL & CO., P.A.

Fort Myers, Florida
December 13, 2022

SOUTHWEST FLORIDA COMMUNITY FOUNDATION, INC.
DBA COLLABORATORY

Consolidated Statements of Financial Position
June 30, 2022 and 2021

ASSETS

	2022	2021
ASSETS		
Cash and cash equivalents	$ 3,057,448	$ 3,412,790
Contributions and other receivables	2,649,865	2,640,365
Prepaid expenses	66,391	57,823
Impact investing loans receivable	538,223	240,392
Loan receivable	6,651,000	6,651,000
Investments	101,898,749	124,767,041
Investments held in charitable remainder trust	544,521	674,742
Split interest agreements and remainder interests		
Interest in remainder and lead trusts	24,217,997	30,820,876
Charitable gift annuities	549,139	798,887
Other remainder interests	256,691	266,959
Property and equipment, net	10,357,976	10,805,360
Other assets	151,743	155,478
Total Assets	$ 150,939,743	$ 181,291,713

LIABILITIES AND NET ASSETS

	2022	2021
LIABILITIES		
Accounts payable and accrued expenses	$ 270,332	$ 472,999
Grants payable	1,892,900	2,500,200
Funds held as agency endowment	2,420,807	3,043,870
Annuity obligations	304,588	377,443
Charitable remainder trust obligations	544,521	674,742
Loans payable	16,800,000	16,800,000
Total Liabilities	22,233,148	23,869,254
NET ASSETS		
Without donor restrictions	100,269,842	122,405,601
With donor restrictions	28,436,753	35,016,858
Total Net Assets	128,706,595	157,422,459
Total Liabilities and Net Assets	$ 150,939,743	$ 181,291,713

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

SOUTHWEST FLORIDA COMMUNITY FOUNDATION, INC.
DBA COLLABORATORY

Consolidated Statement of Activities and Changes in Net Assets
Year Ended June 30, 2022
(with Summarized Comparative Totals for 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES AND OTHER SUPPORT				
Contributions	$ 4,272,375	$ 995,366	$ 5,267,741	$ 7,011,186
Collaboratory and community programs support	1,087,874	-	1,087,874	906,582
Miscellaneous income	248,931	-	248,931	152,499
Net investment return	(16,868,745)	(180,810)	(17,049,555)	28,314,597
Net assets released from restrictions	604,621	(604,621)	-	-
Total Revenues and Other Support	(10,654,944)	209,935	(10,445,009)	36,384,864
EXPENSES				
Programs				
Grants	5,266,233	-	5,266,233	5,754,427
Scholarships	1,129,232	-	1,129,232	866,386
Other programs	3,053,706	-	3,053,706	3,195,915
Administrative	1,260,056	-	1,260,056	1,239,689
Development	782,103	-	782,103	298,053
Total Expenses	11,491,330	-	11,491,330	11,354,470
Payments and change in value of split interest agreements and interest in remainder and lead trusts	10,515	(6,790,040)	(6,779,525)	7,282,469
Change in net assets	(22,135,759)	(6,580,105)	(28,715,864)	32,312,863
Net Assets Beginning of Period	122,405,601	35,016,858	157,422,459	125,109,596
Net Assets End of Period	$ 100,269,842	$ 28,436,753	$ 128,706,595	$ 157,422,459

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

SOUTHWEST FLORIDA COMMUNITY FOUNDATION, INC.
DBA COLLABORATORY

Consolidated Statement of Functional Expenses
Year Ended June 30, 2022
(with Summarized Comparative Totals for 2021)

	2022					2021
	Program Services		Supporting Services			
	Grants & Scholarships	Other Programs	Administrative	Development	Total	Total
Grants and other assistance	$ 5,266,233	$ -	$ -	$ -	$ 5,266,233	$ 5,754,427
Scholarships	1,129,232	-	-	-	1,129,232	866,386
Personnel costs	-	1,156,407	632,751	392,742	2,181,900	1,450,003
Fees for services	-	191,184	104,610	64,930	360,724	385,238
Office expenses	-	62,691	34,303	21,291	118,286	81,212
Information technology	-	155,482	85,075	52,805	293,362	231,012
Occupancy expenses	-	116,945	63,989	39,717	220,650	270,188
Travel	-	7,882	4,313	2,677	14,872	9,418
Professional development	-	16,906	9,250	5,742	31,898	14,994
Insurance	-	56,677	31,012	19,249	106,938	74,451
Relationships	-	17,089	9,351	5,804	32,244	51,668
Dues, subscriptions, and memberships	-	19,697	10,778	6,690	37,164	37,117
Other expenses	-	21,973	12,023	7,463	41,459	18,397
Direct program expenses	-	750,845	-	-	750,845	1,221,753
	6,395,465	2,573,778	997,454	619,109	10,585,806	10,466,264
Interest	-	242,814	132,861	82,465	458,140	445,876
Depreciation and amortization	-	237,114	129,741	80,529	447,384	442,330
Total Functional Expenses	6,395,465	3,053,706	1,260,056	782,103	11,491,330	11,354,470

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

SOUTHWEST FLORIDA COMMUNITY FOUNDATION, INC.
DBA COLLABORATORY

Consolidated Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (28,715,864)	$ 32,312,863
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	447,384	442,330
Noncash contributions	(817,893)	(2,055,004)
Net realized and unrealized (gain) loss on investments	19,485,835	(27,499,059)
Proceeds from forgivable loan	-	(274,790)
Accrued interest income	(15,195)	(5,392)
(Increase) decrease in:		
Contributions and other receivables	(9,500)	(737,458)
Prepaid expenses	(8,568)	(3,893)
Other assets	3,735	(25,107)
Split interest agreements and interest in remainder and lead trusts	6,862,895	(7,250,304)
Increase (decrease) in:		
Accounts payable and accrued expenses	(202,667)	191,437
Grants payable	(607,300)	883,292
Funds held as agency endowment	(623,063)	559,866
Annuity obligations	(72,855)	(20,396)
Net Cash Used in Operating Activities	(4,273,056)	(3,481,615)
CASH FLOWS FROM INVESTING ACTIVITIES		
Issuance of impact investing loans receivable	(300,000)	(235,000)
Proceeds from impact investing loans receivable	17,364	-
Purchase of property and equipment	-	(50,546)
Purchase of investments	(24,778,987)	(64,881,383)
Proceeds from sale of investments	28,979,337	69,652,259
Net Cash Provided by Investing Activities	3,917,714	4,485,330
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from forgivable loan	-	274,790
Net Cash Provided by Financing Activities	-	274,790
Net Increase (Decrease) in Cash and Cash Equivalents	(355,342)	1,278,505
Cash and Cash Equivalents at Beginning of Year	3,412,790	2,134,285
Cash and Cash Equivalents at End of Year	$ 3,057,448	$ 3,412,790
Supplementary Information		
Cash paid for interest	$ 458,140	$ 445,876

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

NOTE A – PURPOSE OF COLLABORATORY

The Southwest Florida Community Foundation, Inc. dba Collaboratory (the "Foundation") is a Florida not-for-profit corporation exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code"). The Foundation is a public charity as described in the Code.

The Southwest Florida Community Foundation's mission is to cultivate regional change for the common good. Southwest Florida Community Foundation's public-facing identity has become Collaboratory. Not simply a name change, it is a strategic leadership commitment to address the failures of traditional approaches to solving our region's social challenges through singular and disconnected solutions. Organizing the large-scale coordination of multi-sector efforts – Collaboratory sparks and multiplies locally-sourced solutions. From hunger to illiteracy, racism to mental illness, isolation to injustice, all are interconnected. Solving one involves all of them, together, holistically. Collaboratory's core assumption is that siloed approaches fail. Collaboratory's goal is to end all the region's social problems on an 18-year deadline creating a region where all children, families and communities are confident, healthier, and trusting of people, institutions, and systems that serve them. Collaboratory catalyzes and coordinates massive, inclusive, grassroots efforts connected with civic leaders aligning policies and systems supporting greater equity and opportunity. Using its iconic physical setting, the renovated historic Atlantic Coast Line Railroad Depot in Fort Myers, Florida and unlimited virtual space for engagement, Collaboratory brings together all residents to develop a shared vision and common goals for a better future for all who call our region home.

During fiscal year 2017, the Foundation set up a Florida 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 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 Depot and construct a Collaboratory adjacent to the Depot.

During fiscal year 2020, a Florida not-for-profit organization called Pedro ("Cuban Pete") Aguilar and Barbara Craddock Endowment, Inc. (herein referred to as "Cuban Pete") was created and organized under Section 509(a)(3) of the Code and qualifies as a Type I Supporting Organization exempt under Section 501(c)(3) of the Code. Its purpose is to carry out the purposes of the Foundation by supporting visual and performing arts, arts education, and performance in the area of Latin dance.

NOTE B – SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Foundation, Support Organization, and Cuban Pete and are collectively referred to herein as Collaboratory. All significant inter-organizational transactions and balances have been eliminated in the consolidated financial statements.

Basis of Accounting

Collaboratory maintains its accounting records on the accrual basis of accounting. Accordingly, assets are recorded when Collaboratory 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 included in net investment return 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 the *Not-for-Profit Entities* (Topic 958) of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”), Collaboratory is required to report information regarding its financial position and activities according to the existence or absence of donor-imposed restrictions.

Net assets without donor restrictions represent funds available for grantmaking and general operations which are not otherwise limited by donor restrictions. Net asset with donor restrictions consists of funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time.

The statements of activities and changes in net assets and functional expenses include 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 Collaboratory’s consolidated financial statements for the year ended June 30, 2021, from which the summarized information was derived.

NOTE B – SIGNIFICANT ACCOUNTING POLICIES (continued)

Board Designated Funds

The funds of Collaboratory are generally classified as net assets without donor restrictions because the governing instruments of Collaboratory allow for Collaboratory 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 funds without donor restrictions of Collaboratory have been designated by the Trustees for specific uses. Collaboratory's policy is 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 Collaboratory.

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

Fund Type	Market Value June 30, 2022	Market Value June 30, 2021
Advised	$ 23,166,610	$ 29,896,034
Designated	19,947,959	24,285,509
Designated Principal	621,795	1,457,314
Field of Interest	26,007,948	29,888,190
Scholarship	16,254,989	18,808,299
Total board designated funds	$ 85,999,301	$ 104,335,346

Contributions

Collaboratory reports gifts of cash and other assets as support with donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. When gifts with donor restrictions are received, and the restrictions are met within the same reporting period, the gifts are recorded as without donor restrictions.

Fund Giving Policy

All funds under management of Collaboratory, except for funds classified as donor advised or designated principal, are subject to Collaboratory's stated giving policy. Giving policies of funds classified as donor advised or designated principal are dictated by their respective fund agreements.

NOTE B – SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Giving Policy (continued)

The amount to be distributed (given) from all other Collaboratory assets will be reviewed no less frequently than annually by Collaboratory's Finance Committee and appropriate recommendations made to the Board of Trustees. It is expected that the annual amount to be distributed from Collaboratory invested assets will be between 3% and 5% of the average market values of the funds for the previous twelve (12) quarters. 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 and Other Receivables

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 – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Contributions and other receivables consisted of contributions receivable of $2,421,880 and other receivables of $227,985 as of June 30, 2022 and contributions receivable of $2,623,828 and other receivables of $16,537 as of June 30, 2021. Contributions and other receivables are expected to be received within one (1) year and management has determined the contributions and other receivables are fully collectible.

Cash and Equivalents

For purposes of these consolidated financial statements, Collaboratory considers bank accounts, money market funds and short-term investments with a maturity of three months or less when purchased, except for those managed as part of investment strategies, to be cash equivalents. Collaboratory maintains bank accounts which, at times, may exceed federally insured limits.

Impact Investing Loans Receivable

Impact investment loans receivable are reported at the principal balance outstanding plus interest income accrued on the unpaid balance. Loans are placed on non-accrual status when past due based on the contractual terms of the loan or charged-off to the extent principal and interest is deemed uncollectible. Subsequent to year end, an impact investment loan was repaid with proceeds from a traditional loan obtained by the borrower, of which the Collaboratory has provided a guaranty as part of the impact investing loan program.

NOTE B – SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

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

Collaboratory's current policy states that Collaboratory'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 Collaboratory to concentration of credit risk, consist principally of temporary cash investments, receivables, and investments. Collaboratory 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.

The contributions and other receivable balance consisted primarily of receivables from three parties as of June 30, 2022 and four parties as of June 30, 2021.

Property and Equipment

Collaboratory records its property and equipment at cost and depreciates such assets over the estimated useful lives of the related assets. Collaboratory 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

Functional expenses are those expenses incurred by Collaboratory in the accomplishment of its stated mission. Such expenses are further categorized as:

(a) program services, including grants and scholarships; services to other nonprofits; philanthropic, civic, and collaborative leadership through SWFL Collaboratory; and other collective impact programs;

NOTE B – SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Expense Classification (continued)

(b) supporting activities, including administrative support; facilities operations, and maintenance; and development and fundraising costs.

The consolidated financial statements report categories of costs attributable to programs and supporting activities. Direct costs are allocated to each program or activity. Indirect costs are allocated to each program based upon estimates of time spent on each of the activities for personnel expenses and by square footage for occupancy and insurance expenses.

Income Taxes

Collaboratory is a not-for-profit corporation and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Collaboratory's tax-exempt purpose is subject to taxation as unrelated business income. Collaboratory 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.

Currently, the prior three tax periods for fiscal years ended June 30, 2020 through June 30, 2022 are open and subject to examination by the Internal Revenue Service. Based on an evaluation of Collaboratory’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. Collaboratory refers to these funds as agency endowment funds.

Collaboratory maintains variance power and legal ownership of the agency endowment funds and reports the funds as assets of Collaboratory 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, 2022 and 2021, Collaboratory had 79 agency endowment funds totaling $2,420,807 and 85 agency endowment funds $3,043,870, respectively.

NOTE B – SIGNIFICANT ACCOUNTING POLICIES (continued)

Agency Endowment Funds (continued)

The following table summarizes the activity in the agency endowment funds for the years ended June 30, 2022 and 2021:

	2022	2021
Agency Endowment Fund Balance – Beginning of Year	$ 3,043,870	$ 2,484,004
Contributions	14,506	12,500
Transfers out	(48,742)	(20,614)
Distributions	(91,745)	(102,130)
Administrative fees	(63,791)	(58,309)
Net investment return	(433,291)	728,419
Agency Endowment Fund Balance – End of Year	$ 2,420,807	$ 3,043,870

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 December 13, 2022, the date which the consolidated financial statements were available to be issued.

NOTE C – INVESTMENTS

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

	2022		2021	
	Market Value	Cost	Market Value	Cost
SEI Investments	$ 95,045,028	$ 93,421,701	$ 114,832,996	$ 99,618,843
Wellington Management	6,785,134	6,503,010	9,270,373	6,542,689
Lucas Capital Management	68,587	61,107	129,048	98,099
Busey Wealth Management	-	-	534,624	372,663
Total Investments	$ 101,898,749	$ 99,985,818	$ 124,767,041	$ 106,632,294

The primary long-term investment objective of Collaboratory is to preserve real (inflation-adjusted) purchasing power of Collaboratory assets and earnings, after accounting for investment returns, fees, spending and inflation. Collaboratory Board of Trustees sets investment policies to supervise, monitor and evaluate the investment of Collaboratory assets. The established policies are reviewed no less than annually and modified as needed.

NOTE C – INVESTMENTS (continued)

To provide better diversification of investments across a representative array of asset classes, the investment policy allows for investments in equities equal to 70% of the total portfolio, fixed income and cash equal to 25% of the total portfolio, and alternative investments equal to 5% of the total portfolio. These percentages may vary by +/- 15%, +/- 15%, and +/- 10% respectively.

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 Collaboratory 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.

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.

NOTE D – FAIR VALUE MEASUREMENTS (continued)

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 during the year ended June 30, 2022.

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

Mutual funds, exchange traded funds, real estate investment trust and royalty trust: Valued at the net asset value (“NAV”) of the shares held at year end as a readily determinable market value.

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 3.6% discount rate as of June 30, 2022 and 5.0% and a 1.2% discount rate as of June 30, 2021.

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.

Charitable remainder trust obligations: Value is calculated based on the fair value of the investment securities held in the trust which approximates the present value of the expected future payments.

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 Collaboratory 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.

NOTE D – FAIR VALUE MEASUREMENTS (continued)

The following table sets forth by level within the fair value hierarchy, Collaboratory's financial instruments at fair value with a reconciliation of investments measured at net asset value and annuity obligations at fair value as of June 30, 2022:

	Level 1	Level 2	Level 3	Total
Direct holdings				
Domestic equity	$ 6,500	$ -	$ -	$ 6,500
Exchange traded funds	26,240	-	-	26,240
Royalty trust	6,088	-	-	6,088
Mutual funds				
Money market funds	1,314,764	-	-	1,314,764
Domestic equity	31,787,919	-	-	31,787,919
International equity	40,273,117	-	-	40,273,117
Fixed income	28,484,121	-	-	28,484,121
Total investments	101,898,749	-	-	101,898,749
Investments held in charitable remainder trust				
Mutual funds				
Domestic equity	141,823	-	-	141,823
International equity	177,918	-	-	177,918
Fixed income	224,780	-	-	224,780
Investments held in charitable remainder trust	544,521	-	-	544,521
Split interest agreements				
Interest in remainder and lead trusts	-	-	24,217,997	24,217,997
Charitable gift annuities	549,139	-	-	549,139
Other remainder interests	-	-	256,691	256,691
Total split interest agreements	549,139	-	24,474,688	25,023,827
Annuity obligations	-	-	(304,588)	(304,588)
Charitable remainder trust obligations	-	-	(544,521)	(544,521)
Total in the fair value hierarchy	$ 102,992,409	$ -	$ 23,625,579	$ 126,617,988

NOTE D – FAIR VALUE MEASUREMENTS (continued)

The following table sets forth by level within the fair value hierarchy, Collaboratory's financial instruments at fair value with a reconciliation of investments measured at net asset value and annuity obligations at fair value as of June 30, 2021:

	Level 1	Level 2	Level 3	Total
Direct holdings				
Domestic equity	$ 22,723	$ -	$ -	$ 22,723
Exchange traded funds	57,076	-	-	57,076
Real estate investment trusts	23,492	-	-	23,492
Royalty trust	8,064	-	-	8,064
Mutual funds				
Money market funds	1,589,130	-	-	1,589,130
Domestic equity	41,045,095	-	-	41,045,095
International equity	49,348,685	-	-	49,348,685
Fixed income	32,672,776	-	-	32,672,776
Total investments	124,767,041	-	-	124,767,041
Investments held in charitable remainder trust				
Mutual funds				
Money market funds	90,090	-	-	90,090
Domestic equity	161,659	-	-	161,659
International equity	191,169	-	-	191,169
Fixed income	231,824	-	-	231,824
Investments held in charitable remainder trust	674,472	-	-	674,472
Split interest agreements				
Interest in remainder and lead trusts	-	-	30,820,876	30,820,876
Charitable gift annuities	798,887	-	-	798,887
Other remainder interests	-	-	266,959	266,959
Total split interest agreements	798,887	-	31,087,835	31,886,722
Annuity obligations	-	-	(377,443)	(377,443)
Charitable remainder trust obligations	-	-	(674,752)	(674,752)
Total in the fair value hierarchy	$ 126,240,400	$ -	$ 30,035,640	$ 156,276,040

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 Collaboratory's level 3 instruments for the year ended June 30, 2022:

	Interest in Remainder and Lead Trusts	Other Remainder Interests	Annuity Obligations	Charitable Remainder Trust Obligations
Balance, beginning of year	$ 30,820,876	$ 266,959	$ (377,443)	$ (674,742)
Payments and change in value	(6,602,879)	(10,268)	72,855	130,221
Purchases, sales, issuances, and settlements (net)	-	-	-	-
Balance, end of year	$ 24,217,997	$ 256,691	$ (304,588)	$ (544,521)

The table below sets forth a summary of changes in the fair value of Collaboratory's level 3 instruments for the year ended June 30, 2021:

	Interest in Remainder and Lead Trusts	Other Remainder Interests	Annuity Obligations	Charitable Remainder Trust Obligations
Balance, beginning of year	$ 23,612,640	271,527	$ (397,839)	$ -
Payments and change in value	7,208,236	(4,568)	23,396	-
Purchases, sales, issuances, and settlements (net)	-	-	-	(674,742)
Balance, end of year	$ 30,820,876	$ 266,959	$ (377,443)	$ (674,742)

NOTE E – SPLIT INTEREST AGREEMENTS AND REMAINDER INTERESTS

Interests in Remainder Trusts

Collaboratory 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 Collaboratory, will be transferred to Collaboratory. Collaboratory 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.

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

Interests in Lead Trusts

Collaboratory is a beneficiary under various lead trusts. Under the terms of these agreements, Collaboratory 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, Collaboratory no longer receives income distributions and is not entitled to trust assets. Collaboratory 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

Collaboratory has received donations to issue charitable gift annuities. The charitable gift annuity is a combination of a gift to Collaboratory and an annuity for the designated beneficiary. The donor transfers property to Collaboratory and Collaboratory 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 Collaboratory with no probate cost.

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, Collaboratory is required to maintain minimum reserves plus a specified surplus related to outstanding annuity agreements. The reserve requirement at June 30, 2022 and 2021 was $417,894 and $514,478, respectively. Collaboratory maintained more than the required total reserve amounts totaling $549,139 and $798,887 as of June 30, 2022 and 2021, respectively.

Other Remainder Interests

Collaboratory 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 Collaboratory’s interest in the policy is $256,691 and $266,959 at June 30, 2022 and 2021, respectively.

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

Investments Held in Charitable Remainder Trust

Collaboratory is currently designated as a remainder beneficiary under an irrevocable charitable remainder trust. There was no recognition of a contribution as the grantor retained the right to change the charitable beneficiary. Collaboratory is the trustee and does exercise control over the assets. The assets have been recorded at fair value in the statement of financial position. Under the terms of the agreement, the income beneficiaries receive distributions for a given term or life of the beneficiaries. Charitable remainder trust obligations are recorded at the fair value of the assets held in the trust, which approximates the present value of the expected future payments.

NOTE F – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2022	2021
Land lease	$ 183,978	$ 183,978
Software and equipment	799,682	799,682
Artwork collection	167,407	167,407
Leasehold improvements	10,717,256	10,717,256
Total Property and Equipment	11,868,323	11,868,323
Less: Accumulated depreciation and amortization	(1,510,347)	(1,062,963)
Total Property and Equipment, Net	$ 10,357,976	$ 10,805,360

Depreciation and amortization expense was $447,384 and $442,330 for the years ended June 30, 2022 and 2021, respectively.

NOTE G – LOANS PAYABLE AND RECEIVABLE

New Market Tax Credit Financing

During fiscal year 2017, the Foundation entered into debt transactions whereby funds were available through the New Markets Tax Credit (“NMTC”) program for the financing of the construction of the new location. The SWFLCF Support Organization, Inc. was created as part of these transactions.

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.

NOTE G – LOANS PAYABLE AND RECEIVABLE (continued)

New Market Tax Credit Financing (continued)

On December 22, 2016, the Foundation borrowed $7,300,000 from Whitney Bank with interest only monthly payments at the fixed rate of 4.29% per annum for seven years with the balance to be paid on December 22, 2023. The Foundation was able to lock in the fixed rate by using an interest rate swap agreement with Whitney Bank to reduce the impact of changes in interest rates on its floating rate long-term debt. The interest rate swap agreement matures on December 22, 2023. The mark-to-market valuation of the swap agreement was deemed to be immaterial by management for financial statement purposes. As collateral 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%.

The Foundation also entered into a funding agreement with the City of Fort Myers whereby the City will provide the funds to repay the balance of the $7,300,000 loan on December 22, 2023. In addition, the Foundation, the Community Redevelopment Agency ("CRA") of Fort Myers, and the City of Fort Myers also entered into a subsidy agreement for the Atlantic Coast Line Railroad Depot. Over the course of five (5) years ended on October 30, 2021, the CRA and the City of Fort Myers provided the Foundation $100,000 each for renovation and improvements of the Depot.

On December 22, 2016, the Foundation loaned $6,651,000 to the Twain Investment Fund (the "Twain Fund") and contributed $569,509 to the Support Organization. The Twain Fund also received equity ($3,349,000) from a tax credit investor and then made a QEI ($10,000,000) in FCNMF 19, LLC (the "CDE"), a wholly owned subsidiary of the Florida Loan Community Fund. The Twain Fund loan requires interest only to be paid at the rate of 1% per annum to the Foundation through June 2024 and then semi-annual principal and interest payments through maturity date of December 2046.

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.

NOTE G – LOANS PAYABLE AND RECEIVABLE (continued)

New Market Tax Credit Financing (continued)

In making the Twain 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.

Paycheck Protection Program Loans

During the year ended June 30, 2021, Collaboratory entered into a loan agreement in accordance with the Paycheck Protection Program with an interest rate of 1% in the amount of $274,790. The loan agreement was related to the Coronavirus Aid, Relief, and Economic Security (CARES) Act and pursuant to all regulations and guidance promulgated or provided by the Small Business Administration (SBA). No interest or principal payments were required during the first ten months after the loan amount was disbursed. Collaboratory applied for loan forgiveness under the guidelines of the SBA and received approval of loan forgiveness. As a result, the loan proceeds of $274,790 were recorded as a contribution in the statement of activities and changes in net assets as of June 30, 2021.

Future maturities of loans payable are as follows:

Year Ending June 30,	
2023	$ -
2024	7,300,000
2025	284,040
2026	288,128
2027	292,275
Thereafter	8,635,557
Total	$ 16,800,000

Total interest incurred during the years ended June 30, 2022 and 2021 was $458,140 and $445,876, respectively.

NOTE H – GRANT COMMITMENTS

Collaboratory has approved grants payable in the following years:

Year Ending June 30,	
2023	$ 1,431,900
2024	298,075
2025	158,925
2026	-
2027	-
2028	4,000
Total	$ 1,892,900

NOTE I – LEASE COMMITMENTS

The Support Organization entered into a lease and development agreement on December 12, 2016, to lease the Depot 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 renewal periods is $1.00 per annum. The Support Organization was required to substantially rehabilitate and restore the Historic Depot to its original design and character and construct a 13,162 square foot building adjacent to the Historic Depot.

The fair value Collaboratory receives for the use of the facilities at a below-market rental rate is $183,978 and was recorded as land as of June 30, 2018. The land is amortized over the term of the lease forty (40) years.

On December 22, 2016, the Foundation entered into an operating lease agreement with the Support Organization to lease the property from the Support Organization beginning on June 1, 2018 and ending on June 1, 2046. The base rent is 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 is responsible for insurance, repairs, maintenance, and utilities on the property.

The Foundation entered into an equipment lease agreement with the Support Organization to lease equipment to be purchased through the NMTC Financing beginning January 1, 2018 and ended on December 1, 2020. The Foundation made 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. The Foundation did not exercise this option and continues to lease the equipment on a month-to-month basis under the original terms of the lease.

NOTE J – RETIREMENT PLANS

Collaboratory adopted the 403(b) Thrift Plan for the Southwest Florida Community Foundation, Inc. dba Collaboratory (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 were eligible to participate as of the first of the month following or coincident with their dates of hire. Employees could contribute up to the amount allowed by the Internal Revenue Code and Collaboratory matched up to 3% of the employees’ salaries. The Plan was amended on January 1, 2021 as a safe harbor plan whereby participants are eligible upon the date of hire and Collaboratory will match up to 4% of the employee’s salaries. Participants in the Plan are 100% vested in the Collaboratory’s contributions. Collaboratory’s contributions for the years ended June 30, 2022 and 2021 were $58,036 and $36,145, respectively.

Collaboratory adopted, as of July 1, 2015, an Eligible 457(b) Deferred Compensation Plan and an Eligible 457(f) Deferred Compensation Plan for the President & Chief Executive Officer of Collaboratory. The 457(b) plan has 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 ten (10) years of service after the date of the inception of the plan. The 457(f) plan was due and payable upon services rendered through June 30, 2020. On July 1, 2020, Collaboratory adopted a new Eligible 457(f) Deferred Compensation Plan for the President & Chief Executive Officer of Collaboratory. The 457(f) plan is due and payable upon services rendered through June 30, 2025.

Contributions to these plans, made by Collaboratory as determined by the Board of Trustees based upon the employee’s performance, totaled $15,071 and $30,142 for the years ended June 30, 2022 and 2021, respectively.

The plans’ total assets of $151,743 and $155,478 as of June 30, 2022 and 2021, respectively, are included on Collaboratory’s statements of financial position as an asset and a corresponding liability.

The following table presents a reconciliation for the balances of the 457(b) and 457(f) plans for the years ended June 30, 2022 and 2021:

	457(b) Plan	457(f) Plan	Total Plans
Beginning balance, July 1, 2021	$ 141,965	$ 13,513	$ 155,478
Employer contributions	15,071	-	15,071
Investment return	(17,114)	(1,692)	(18,806)
Ending balance, June 30, 2022	$ 139,922	$ 11,821	$ 151,743

NOTE J – RETIREMENT PLANS (continued)

	457(b) Plan	457(f) Plan	Total Plans
Beginning balance, July 1, 2020	$ 102,651	$ 27,720	$ 130,371
Employer contributions	19,271	10,871	30,142
Investment return	20,043	3,326	23,369
Payments	-	(28,404)	(28,404)
Ending balance, June 30, 2021	$ 141,965	$ 13,513	$ 155,478

NOTE K – NET ASSET CLASSIFICATION

Net assets with donor restrictions are restricted for the following purposes or periods:

	2022	2021
Subject to expenditure for specific purposes:		
Programs	$ 2,144,031	$ 1,834,510
Disaster relief	50	1,587
Impact investing	72,406	51,753
	2,216,487	1,887,850
Subject to the passage of time:		
Funds awaiting agreements	-	97,682
Split interest agreements and remainder trusts	24,719,239	31,509,279
Land lease	167,032	171,875
	24,886,271	31,778,836
Donor restricted endowment funds to be held in perpetuity for the following purposes:		
Field of interest	150,061	150,546
Advised	513,248	514,110
Scholarship	207,302	205,516
Designated	360,000	375,000
Designated principal	63,384	65,000
Community unrestricted	40,000	40,000
	1,333,995	1,350,172
Total net assets with donor restrictions	$ 28,436,753	$ 35,016,858

NOTE L – ENDOWMENT FUNDS

Collaboratory follows 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).

NOTE L - ENDOWMENT FUNDS (continued)

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

Endowment Funds

Collaboratory’s endowment consists of 428 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.

Interpretation of Relevant Law

The Board of Trustees of Collaboratory 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, Collaboratory classifies as net assets with donor restrictions the original value of gifts donated to the fund. The remaining portion of the donor-restricted endowment fund is classified as without donor restriction 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, Collaboratory 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 Collaboratory 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 Collaboratory
7. The investment policies of Collaboratory

Return Objectives and Risk Parameters

Collaboratory 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.

NOTE L - ENDOWMENT FUNDS (continued)

Return Objectives and Risk Parameters (continued)

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 Collaboratory 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, Collaboratory 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). Collaboratory 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.

Spending Policy and How the Investment Objectives Relate to Spending Policy

Collaboratory 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 twelve (12) quarters through the fiscal year-end proceeding the fiscal year in which the distribution is planned. In establishing this policy, Collaboratory considered the long-term expected return on its net assets. This is consistent with Collaboratory'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 endowment funds with donor restrictions may fall below the level that the donor required Collaboratory to retain as a fund of perpetual duration. In accordance with GAAP, at June 30, 2022, deficiencies of this nature that are reported as a reduction in net assets with donor restrictions were $22,676, resulting from funds with original gift values of $1,356,671 and fair values of $1,333,995. At June 30, 2021, deficiencies of $21,499 were reported resulting from funds with original gift values of $1,371,671 and fair values of $1,350,172. 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.

NOTE L - ENDOWMENT FUNDS (continued)

Endowment Funds by Net Assets Classification

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Board designated	$ 85,999,301	$ -	$ 85,999,301
Donor restricted	-	2,244,396	2,244,396
Total endowment funds	$ 85,999,301	$ 2,244,396	$ 88,243,697

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Board designated	$ 104,335,346	$ -	$ 104,335,346
Donor restricted	-	2,479,516	2,479,516
Total endowment funds	$ 104,335,346	$ 2,479,516	$ 106,814,862

Changes in Endowment Funds

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 104,335,346	$ 2,479,516	$ 106,814,862
Contributions	4,722,097	-	4,722,097
Net investment return	(14,740,783)	(162,563)	(14,903,346)
Satisfaction of program restrictions	(8,317,359)	(72,557)	(8,389,916)
Endowment net assets, end of year	$ 85,999,301	$ 2,244,396	$ 88,243,697

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 81,899,200	$ 2,455,259	$ 84,354,459
Contributions	4,445,960	-	4,445,960
Net investment return	24,305,920	97,257	24,403,177
Satisfaction of program restrictions	(6,315,734)	(73,000)	(6,388,734)
Endowment net assets, end of year	$ 104,335,346	2,479,516	106,814,862

NOTE M – LIQUIDITY

Financial assets available for distributions and operations within one year of the statements of financial position date, compromise the following at:

	2022	2021
Liquidity for distributions and operations		
Cash and cash equivalents	$ 3,041,010	$ 3,371,355
Contributions and other receivables	2,541,697	2,640,365
Money market funds and short-term investments	1,314,763	1,401,016
Spending-rate distributions	2,738,660	3,152,818
Operating appropriations	3,790,026	3,866,725
Financial assets available for expenditure within a year	$ 13,426,156	$ 14,432,279

Collaboratory’s board designated funds are subject to an annual spending-rate ranging from 3% to 5%. Although Collaboratory does not intend to spend from the board-designated endowments (other than the spending-rate distributions and operating appropriations), these amounts could be made available if necessary.

As part of Collaboratory’s liquidity management, Collaboratory’s policy is to structure its financial assets to be available as its awarded grants, general expenditures, liabilities, and other obligations become due. Collaboratory invests cash in excess of daily requirements in money market funds and other short-term investments.

Assets in endowed funds are pooled for investment with liquidity managed through the pools’ target allocation of illiquid investments and periodic review of current illiquidity and any projected exposure to managers with lock-up provisions.

NOTE N – COMMITMENTS

Collaboratory entered into an agreement for consulting and marketing services during the year ended June 30, 2020 with an overall project budget of approximately $2,600,000, of which approximately $1,109,000 is remaining as of June 30, 2022.

Collaboratory entered into a $150,000 retention bonus agreement with the President and Chief Executive Officer of Collaboratory in July 2020, awarded upon attaining specific objectives and events and maintaining employment through June 22, 2024.