Report of Independent Auditors and
Consolidated Financial Statements

**Southwest Florida Community Foundation, Inc.
dba Collaboratory**

Year Ended June 30, 2023 (With Summarized Comparative Totals for
June 30, 2022)

MOSSADAMS

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Report of Independent Auditors

The Board of Trustees and Audit Committee
Southwest Florida Community Foundation, Inc. dba Collaboratory

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Southwest Florida Community Foundation, Inc. dba Collaboratory, which comprise the consolidated statement of financial position as of June 30, 2023, 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 accompanying consolidated financial statements present fairly, in all material respects, the financial position of Southwest Florida Community Foundation, Inc. dba Collaboratory as of June 30, 2023, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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.

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 GAAS 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 GAAS, 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 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 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.

Other Matter – Prior Year Financial Statements and Summarized Comparative Information

The consolidated financial statements of Southwest Florida Community Foundation, Inc. dba Collaboratory as of and for the year ended June 30, 2022, were audited by other auditors whose report thereon dated December 13, 2022, expressed an unmodified opinion. The summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Moss Adams LLP

Portland, Oregon
November 7, 2023

Consolidated Financial Statements

Southwest Florida Community Foundation, Inc.
dba Collaboratory
Consolidated Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
ASSETS		
ASSETS		
Cash and cash equivalents	$ 3,555,916	$ 3,057,448
Contributions and other receivables, net	935,225	2,649,865
Prepaid expenses	119,513	66,391
Impact investing loans receivable	1,060,375	538,223
Loan receivable	6,651,000	6,651,000
Investments	117,415,245	101,898,749
Investments held in charitable remainder trusts	1,309,668	544,521
Split interest agreements and remainder interests		
Interest in remainder and lead trusts	26,956,369	24,217,997
Charitable gift annuities	506,958	549,139
Other remainder interests	244,495	256,691
Property and equipment, net	9,936,130	10,357,976
Other assets	176,765	151,743
Total assets	$ 168,867,659	$ 150,939,743
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 315,317	270,332
Grants payable	2,087,269	1,892,900
Funds held as agency endowments	2,639,537	2,420,807
Deferred revenue	414,358	-
Annuity obligations	277,696	304,588
Charitable remainder trust obligations	1,309,668	544,521
Loans payable	16,800,000	16,800,000
Total liabilities	23,843,845	22,233,148
NET ASSETS		
Without donor restrictions	112,919,152	100,269,842
With donor restrictions	32,104,662	28,436,753
Total net assets	145,023,814	128,706,595
Total liabilities and net assets	$ 168,867,659	$ 150,939,743

See accompanying notes.

Southwest Florida Community Foundation, Inc.
dba Collaboratory
Consolidated Statements of Activities and Changes in Net Assets
June 30, 2023
(with Summarized Comparative Totals for 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES AND OTHER SUPPORT				
Contributions	$ 12,703,834	$ 4,317,121	$ 17,020,955	$ 5,267,741
Collaboratory and community programs support	2,642,047	-	2,642,047	1,087,874
Miscellaneous income	417,158	-	417,158	248,931
Net investment return	10,428,051	149,138	10,577,189	(17,049,555)
Net assets released from restrictions	3,509,239	(3,509,239)	-	-
Total revenues and other support	29,700,329	957,020	30,657,349	(10,445,009)
EXPENSES				
Programs				
Grants	9,142,775	-	9,142,775	5,266,233
Scholarships	1,139,859	-	1,139,859	1,129,232
Other programs	3,985,932	-	3,985,932	3,053,706
Management and administrative	1,698,467	-	1,698,467	1,260,056
Fundraising and development	1,091,873	-	1,091,873	782,103
Total expenses	17,058,906	-	17,058,906	11,491,330
Payments and change in value of split interest agreements and interest in remainder and lead trusts	7,887	2,710,889	2,718,776	(6,779,525)
Changes in net assets	12,649,310	3,667,909	16,317,219	(28,715,864)
Net assets beginning of period	100,269,842	28,436,753	128,706,595	157,422,459
Net assets end of period	$ 112,919,152	$ 32,104,662	$ 145,023,814	$ 128,706,595

See accompanying notes.

Southwest Florida Community Foundation, Inc.
dba Collaboratory
Consolidated Statements of Functional Expenses
June 30, 2023
(with Summarized Comparative Totals for 2022)

	2023					2022
	Program services		Supporting services			
	Grants and scholarships	Other programs	Management and administrative	Fundraising and development	Total	Total
Grants and other assistance	$ 9,142,775	$ -	$ -	$ -	$ 9,142,775	$5,266,233
Scholarships	1,139,859	-	-	-	1,139,859	1,129,232
Personnel costs	-	1,458,789	756,409	486,263	2,701,461	2,181,900
Outsourced services	-	668,564	346,663	222,855	1,238,082	360,724
Community engagement	-	710,317	-	-	710,317	750,845
Information technology	-	204,349	105,958	68,116	378,423	293,362
Facilities expenses	-	153,338	79,509	51,113	283,960	220,650
Office expenses	-	80,198	41,584	26,733	148,515	118,286
Insurance	-	75,589	39,194	25,196	139,979	106,938
Other expenses	-	51,273	26,587	17,091	94,951	41,459
Relationships	-	27,734	14,381	9,245	51,360	32,244
Professional development	-	26,750	13,870	8,917	49,537	31,898
Dues, subscriptions, and memberships	-	23,348	12,106	7,783	43,237	37,164
Travel	-	8,635	4,477	2,878	15,990	14,872
	10,282,634	3,488,884	1,440,738	926,190	16,138,446	10,585,807
Interest	-	254,862	132,151	84,954	471,967	458,140
Depreciation and amortization	-	242,186	125,578	80,729	448,493	447,384
Total functional expenses	$ 10,282,634	$ 3,985,932	$ 1,698,467	$ 1,091,873	$ 17,058,906	$ 11,491,331

See accompanying notes.

Southwest Florida Community Foundation, Inc.
dba Collaboratory
Consolidated Statements of Cash Flows
June 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 16,317,219	$ (28,715,864)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	448,493	447,384
Noncash contributions	(2,060,082)	(817,893)
Allowance for doubtful accounts	(571,650)	85,939
Net realized and unrealized (gain) loss on investments	(8,539,047)	19,485,835
Proceeds from forgivable loan	-	-
Accrued interest income	(24,373)	(15,195)
Changes in operating assets and liabilities:		
Contributions and other receivables	2,286,290	(95,439)
Prepaid expenses	(53,122)	(8,568)
Split interest agreements and remainder interests	(3,449,142)	6,993,116
Other assets	(25,022)	3,735
Accounts payable and accrued expenses	44,985	(202,667)
Grants payable	194,369	(607,300)
Funds held as agency endowment	218,730	(623,063)
Deferred revenue	414,358	-
Annuity obligations	(26,892)	(72,855)
Charitable remainder trust obligations	765,147	(130,221)
Net cash provided by (used in) operating activities	5,940,261	(4,273,056)
CASH FLOWS FROM INVESTING ACTIVITIES		
Issuance of impact investing loans receivable	(714,982)	(300,000)
Proceeds from impact investing loans receivable	217,203	17,364
Purchase of property and equipment	(26,647)	-
Purchase of investments	(16,918,542)	(24,778,987)
Proceeds from sale of investments	12,001,175	28,979,337
Net cash (used in) provided by investing activities	(5,441,793)	3,917,714
Changes in cash and cash equivalents	498,468	(355,342)
Cash and cash equivalents at beginning of year	3,057,448	3,412,790
Cash and cash equivalents at end of year	$ 3,555,916	$ 3,057,448
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$ 471,967	$ 485,140
SUPPLEMENTAL DISCLOSURE OF NON CASH OPERATING ACTIVITIES		
Noncash contributions	$ 2,060,082	$ 817,893

See accompanying notes.

Note 1 – Purpose of Collaboratory

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

Collaboratory is a community foundation with an evolved mission committed to coordinating the solving of Southwest Florida’s major social problems by 2040. Since our founding in 1976, we have been supporting local causes and nonprofit work, but unfortunately, many of our social issues continue to stay the same or get worse. We believe strongly in the traditional work we do but are also committed to making a deeper impact – going to the root cause of the social issues plaguing our region.

We are a community foundation with over $100 million granted over the years joined with a much larger effort in community leadership. By bringing people together, we’re tackling the root cause, upstream issues that make these grants necessary.

During fiscal year 2017, the Collaboratory 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 Collaboratory by supporting visual and performing arts, arts education, and performance in the area of Latin dance.

Note 2 – Significant Accounting Policies

Principles of consolidation – The accompanying consolidated financial statements include the accounts of Collaboratory, Support Organization, and Cuban Pete and are collectively referred to herein as Collaboratory (“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 fair 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 value in accordance with accounting principles generally accepted in the United States of America (GAAP).

Summarized comparative information – 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, 2022, from which the summarized information was derived.

Basis of presentation – In accordance with the *Not-for-Profit Entities (Topic 958)* of the Financial Accounting Standards Board (FASB) Accounting Standards Codification, 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 and funds that function as an endowment solely through designation by the Board. Net assets 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. Net assets with donor restrictions also consist of contributed funds subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity.

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	Fair Value June 30, 2023	Fair Value June 30, 2022
Advised	$ 24,119,858	$ 23,166,610
Designated	28,244,480	19,947,959
Designated principal	673,842	621,795
Field of interest	27,926,962	26,007,948
Scholarship	17,435,103	16,254,989
Total board designated funds	$ 98,400,245	$ 85,999,301

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 statements 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.

Collaboratory and community programs support – Collaboratory and community programs support consists of contributed partner support for programs, which are recognized as revenues in the period received, and annual giving and rents which are recognized at the time of the activity or event.

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.

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 fair 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.

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, to be cash equivalents.

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 amounted to $1,625,698 and $3,911,988 as of June 30, 2023 and 2022, respectively. Contributions and other receivables are expected to be received within one (1) year. An allowance for estimated uncollectible contributions receivable is recorded based on management's judgment and analysis of the creditworthiness of the donors, past collection experience, and other relevant factors. The allowance for doubtful accounts was $690,473 and $1,262,123 as of June 30, 2023 and 2022, respectively.

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. During the year ended June 30, 2023, an impact investment loan was repaid with proceeds from a traditional loan obtained by the borrower, of which Collaboratory has provided a guaranty in the amount of $257,362 as part of the impact investing loan program.

Loans receivable – Loans receivable are reported at the principal balance outstanding plus interest income accrued on the unpaid balance.

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).

Investments held in charitable remainder trust and charitable remainder trust obligations – 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 statements 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. The present value of the remainder is revalued each year end based on the donor's life expectancy, the trust assets' current fair value, the trust distribution rate, the current discount rate, and the estimated future increase in value of the trust assets. The difference in the present value of the remainder between the current year end and the prior year end is recorded as a change in value of split-interest agreements.

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.

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, 2023 and 2022, was $352,076 and $417,894, respectively. Collaboratory maintained more than the required total reserve amounts totaling $506,958 and $549,139 as of June 30, 2023 and 2022, 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 $244,495 and $256,691 at June 30, 2023 and 2022, respectively.

Concentration of credit risk – Financial instruments, which potentially subject Collaboratory to concentration of credit risk, consist principally of cash and cash equivalents, receivables, and investments. Collaboratory places its cash and cash equivalents and other investments with high-credit quality financial institutions and investment managers. Accounts at each bank are insured by the Federal Deposit Insurance Corporations (FDIC) up to $250,000. Certain investments held with financial institutions are insured up to a specific limit by the Securities Investors Protection Corporation (SIPC). At June 30, 2023 and 2022, the Collaboratory had amounts that were in excess of the FDIC and SIPC insurance limits. Collaboratory performs ongoing evaluations of commercial banks to limit its concentration of credit risk exposure.

The contributions and other receivable balance consisted primarily of receivables from four parties as of June 30, 2023, and three parties as of June 30, 2022.

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 and amortization is computed for financial reporting purposes using the straight-line method over the estimated useful lives of the land lease (38 years), software and equipment (3–5 years), and fixtures and appliances (5-8 years). Leasehold improvements are amortized using the straight-line method over the shorter of the remaining lease term or the estimated useful life of the improvement.

Income taxes – Collaboratory, Cuban Pete, and Support Organization are all not-for-profit corporations and are exempt from federal income tax under Section 501(c)(3) of the Code. However, income from certain activities unrelated to the organization's tax-exempt purpose are subject to taxation as unrelated business income. Unrelated business income, if any, is immaterial; therefore, no provision for income taxes has been recorded. Collaboratory, Cuban Pete, and Support Organization qualify for the charitable contribution deduction under the Code and have been classified as organizations that are not a private foundation under the Code.

Collaboratory, Cuban Pete, and Support Organization do not have any material uncertain tax positions. Based on an evaluation of its 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. Collaboratory, Cuban Pete, and Support Organization are not currently under audit by any tax jurisdiction.

Grants payable – Grants payable are grants that have been approved by the Board before year end. No discount was recorded at June 30, 2023 and 2022, as amounts were insignificant.

Funds held as agency endowments – FASB 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 statements 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, 2023 and 2022, Collaboratory had 78 agency endowment funds totaling $2,639,537 and 79 agency endowment funds totaling $2,420,807, respectively.

The following table summarizes the activity in the agency endowment funds for the years ended June 30, 2023 and 2022:

	2023	2022
Agency Endowment Fund Balance – beginning of year	$ 2,420,807	$ 3,043,870
Contributions	100,000	14,506
Transfers out	(13,869)	(48,742)
Distributions	(66,842)	(91,745)
Administrative fees	(54,590)	(63,791)
Net investment return	254,031	(433,291)
Agency Endowment Fund Balance – end of year	$ 2,639,537	$ 2,420,807

Loans payable – Loans payable are long-term liabilities, expected to be repaid in more than a year. They are recorded on the consolidated statements of financial position at face value.

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; and

(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. Although allocation methods used are considered reasonable, other methods could be used that would produce different results.

Use of estimates – The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

Recently adopted accounting pronouncements – In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This ASU requires lessees to recognize on the consolidated statement of financial position the assets and liabilities for the rights and obligations created by those leases of terms more than 12 months. The ASU requires both capital and operating leases to be recognized on the statement of financial position. Collaboratory adopted the guidance on July 1, 2022, using a modified retrospective basis. The adoption of the ASU did not have a material impact on Collaboratory's consolidated financial statements.

Subsequent events – Subsequent events are events or transactions that occur after the consolidated statement of financial position date but before the consolidated financial statements are available to be issued. Collaboratory recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statement of financial position, including the estimates inherent in the process of preparing the consolidated financial statements. Collaboratory does not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statement of financial position but arose after the consolidated statement of financial position date and before the consolidated financial statements are available to be issued. Subsequent events have been evaluated through November 7, 2023, the date which the consolidated financial statements were available to be issued.

Note 3 – Investments

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

	2023	2022
	Fair Value	Fair Value
SEI Investments	$ 103,945,787	$ 95,045,028
Wellington Management	7,815,221	6,785,134
Lucas Capital Management	-	68,587
Raymond James	5,654,237	-
Total Investments	$ 117,415,245	$ 101,898,749

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.

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 4 – Fair Value Measurements

FASB 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 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; or
- 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.

In certain cases, securities are measured using the net asset value (NAV) per share practical expedient, an estimate of fair value, and are excluded from the fair value hierarchy. The University obtains the fair value for these securities from fund managers. The fund managers use various models, comparisons, and assumptions to estimate fair value. Consideration is given to the type of investment, risks, marketability, restrictions, dispositions, and quotations from other market participants. Adjustments may be determined by management to account for the time period since the date of the fund's last statement. As of June 30, 2023 and 2022, there are no investments recorded at NAV.

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 during the years ended June 30, 2023 and 2022.

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include cash equivalents, money market funds, domestic equity securities funds, international equity securities funds, fixed income funds, and charitable gift annuities, other than those measured at net asset value.

Level 2 securities are valued based on similar assets in an active market. Level 2 securities include Collaboratory's interest in real estate.

Collaboratory's interest in split interest agreements held or controlled by a third party is classified as Level 3 as the fair values are valued based on significant unobservable inputs.

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 5.25% and a 4.2% discount rate as of June 30, 2023, and 5.0% and a 3.6% discount rate as of June 30, 2022.

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.

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.

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, 2023:

	Level 1	Level 2	Level 3	Total
Exchange traded funds	$ 1,310,805	$ -	$ -	$ 1,310,805
Real Estate	-	805,500	-	805,500
Mutual funds				
Money market funds	5,754,664	-	-	5,754,664
Domestic equity	36,749,131	-	-	36,749,131
International equity	38,542,148	-	-	38,542,148
Fixed income	34,252,997	-	-	34,252,997
Total investments	116,609,745	805,500	-	117,415,245
Investments held in charitable remainder trust				
Mutual funds				
Domestic equity	372,278	-	-	372,278
International equity	429,077	-	-	429,077
Fixed income	508,313	-	-	508,313
Investments held in charitable remainder trust	1,309,668	-	-	1,309,668
Split interest agreements				
Interest in remainder and lead trusts	-	-	26,956,369	26,956,369
Charitable gift annuities	506,958	-	-	506,958
Other remainder interests	-	-	244,495	244,495
Total split interest agreements	506,958	-	27,200,864	27,707,822
Total in the fair value hierarchy	$ 118,426,371	$ 805,500	$ 27,200,864	$ 146,432,735

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
Total in the fair value hierarchy	$ 102,992,409	$ -	$ 24,474,688	$ 127,467,097

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, 2023:

	Interest in Remainder and Lead Trusts	Other Remainder Interests
Balance, beginning of year	$ 24,217,997	$ 256,691
Payments and change in value	2,738,372	(12,196)
Balance, end of year	$ 26,956,369	$ 244,495

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
Balance, beginning of year	$ 30,820,876	$ 266,959
Payments and change in value	(6,602,879)	(10,268)
Balance, end of year	$ 24,217,997	$ 256,691

The following table discloses Collaboratory's significant unobservable inputs used in valuing the Level 3 investments at June 30, 2023 and 2022:

Investment	Valuation Technique	Unobservable Input	Range
Interest in remainder lead trusts	Pricing of underlying market assets	Limited market comparability illiquid investment	100%
Other remainder interests	Cash value of policy less surrender charge	Limited market comparability illiquid investment	100%

There were no changes in valuation methods or assumptions at June 30, 2023 or 2022.

Note 5 – Property and Equipment

Property and equipment consisted of the following at June 30:

	2023	2022
Land lease	$ 183,978	$ 183,978
Software and equipment	826,327	799,682
Artwork collection	167,407	167,407
Leasehold improvements	10,717,256	10,717,256
Total Property and Equipment	11,894,968	11,868,323
Less: Accumulated depreciation and amortization	(1,958,838)	(1,510,347)
Total Property and Equipment, Net	$ 9,936,130	$ 10,357,976

Depreciation and amortization expense was $448,493 and $447,384 for the years ended June 30, 2023 and 2022, respectively.

Note 6 – Loans Payable and Receivable

New market tax credit financing – During fiscal year 2017, Collaboratory 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.

On December 22, 2016, Collaboratory 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. Collaboratory 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 consolidated financial statement purposes. As collateral for the loan, Collaboratory pledged part ($9,125,000) of its securities investments and must maintain a loan to value ratio not to exceed 80%.

Collaboratory 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, Collaboratory, 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 Collaboratory $100,000 each for renovation and improvements of the Depot.

On December 22, 2016, Collaboratory 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 Collaboratory 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.

In making the Twain Fund loan, Collaboratory 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 Collaboratory for a six-month period (“Put Option Period”) commencing on December 23, 2023.

If USBCDC elects to exercise this put option, Collaboratory will pay a purchase price of $1,000 plus any transfer taxes or closing costs. If the put is not exercised, Collaboratory 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.

Future maturities of loans payable are as follows:

Year Ending June 30,	
2024	$ 7,300,000
2025	345,455
2026	345,455
2027	345,455
2028	345,455
Thereafter	8,118,180
Total	$ 16,800,000

Total interest incurred during the years ended June 30, 2023 and 2022, was $471,967 and $458,140, respectively.

Note 7 – Grant Commitments

Collaboratory has approved grants payable in the following years:

Year Ending June 30,	
2024	$ 1,299,480
2025	317,238
2026	308,238
2027	150,313
2028	-
2029	8,000
Thereafter	4,000
Total	$ 2,087,269

Note 8 – 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, Collaboratory 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. Collaboratory is responsible for insurance, repairs, maintenance, and utilities on the property.

Collaboratory 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. Collaboratory made semi-annual rent payments of $3,500 beginning on December 1, 2018. Upon the expiration of the term of this lease, Collaboratory may purchase the equipment at fair market value as determined by an appraisal mutually acceptable to Collaboratory and the Support Organization. Collaboratory 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 9 – 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 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, 2023 and 2022, were $72,012 and $58,036, 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 $14,982 and $15,071 for the years ended June 30, 2023 and 2022, respectively.

The plans' total assets of $122,840 and $151,743 as of June 30, 2023 and 2022, respectively, are included on Collaboratory's statements of financial position as an asset within other assets and a corresponding liability within accounts payable and accrued expenses.

The following table presents a reconciliation for the balances of the 457(b) and 457(f) plans for the years ended June 30, 2023 and 2022:

	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
Employer contributions	14,982	-	14,982
Investment return	8,882	1,158	10,040
Forfeitures	(40,946)	(12,979)	(53,925)
Ending balance, June 30, 2023	$ 122,840	$ -	$ 122,840

Note 10 – Net Asset Classification

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

	2023	2022
Subject to expenditure for specific purposes:		
Programs	$ 1,141,376	$ 1,233,630
Disaster relief	1,036,684	50
Impact investing	73,150	72,406
	2,251,210	1,306,086
Subject to the passage of time:		
Split interest agreements and remainder trusts	27,430,127	24,719,239
Land lease	162,191	167,032
	27,592,318	24,886,271
Donor restricted endowment funds to be held in perpetuity for the following purposes:		
Field of interest	150,496	150,061
Advised	500,125	513,248
Scholarship	224,205	207,302
Designated	360,000	360,000
Designated principal	49,135	63,384
Community minimum balance requirement	40,000	40,000
Cuban Pete	937,173	910,401
	2,261,134	2,244,396
Total net assets with donor restrictions	$ 32,104,662	$ 28,436,753

Net assets with donor restrictions subject to specific purposes and passage of time are expected to be released upon the satisfaction of the related purpose or the passing of the annuitants.

Releases from net assets with donor restrictions were as follow:

	2023	2022
Programs	$ 619,200	$ 482,570
Disaster relief	2,817,872	45,151
Cuban Pete	67,326	62,557
Land lease	4,841	4,843
Impact investing	-	9,500
	$ 3,509,239	$ 604,621

Note 11 – 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).

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 467 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.

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, 2023, deficiencies of this nature that are reported as a reduction in net assets with donor restrictions were $2,710, resulting from funds with original gift values of $1,326,671 and fair values of $1,323,961. 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. 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.

Endowment funds by net assets classification:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Board designated	$ 98,400,245	$ -	$ 98,400,245
Donor restricted	-	2,261,134	2,261,134
Total endowment funds	$ 98,400,245	$ 2,261,134	$ 100,661,379

	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

Changes in endowment net assets were as follows for the years ended June 30, 2023 and 2022:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2021	$ 104,335,346	$ 2,479,516	$ 106,814,862
Contributions	4,722,097	-	4,722,097
Net investment loss	(14,740,783)	(162,563)	(14,903,346)
Satisfaction of program restrictions	(8,317,359)	(72,557)	(8,389,916)
Endowment net assets, June 30, 2022	85,999,301	2,244,396	88,243,697
Contributions	11,227,320	-	11,227,320
Net investment return	9,245,578	84,064	9,329,642
Satisfaction of program restrictions	(8,071,954)	(67,326)	(8,139,280)
Endowment net assets, June 30, 2023	$ 98,400,245	$ 2,261,134	$ 100,661,379

Note 12 – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the statements of financial position date, compromise the following at June 30:

	2023	2022
Financial assets		
Cash and cash equivalents	$ 3,555,916	$ 3,057,448
Contributions and other receivables	935,225	2,649,865
Investments	5,754,664	1,314,764
Spending-rate distributions	3,201,915	2,738,660
Operating appropriations	-	3,790,026
	13,447,720	13,550,763
Less:		
Cash and cash equivalents restricted for Cuban Pete	(16,436)	(16,438)
Financial assets available for expenditure within a year	$ 13,431,284	$ 13,534,325

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 13 – 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 $209,000 is remaining as of June 30, 2023.