

CONSOLIDATED FINANCIAL STATEMENTS

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

June 30, 2024 and 2023



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December 17, 2024

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

Independent Auditor's Report

Opinion

We have audited the accompanying consolidated financial statements of Gulf Coast Community Foundation, Inc. and its Supporting Organizations (Gulf Coast), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Gulf Coast as of June 30, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Gulf Coast and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Gulf Coast's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Gulf Coast's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Hill, Barth & King LLC

Certified Public Accountants

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

June 30, 2024 and 2023

	2024	2023
<u>ASSETS</u>		
Cash and cash equivalents	\$ 26,965,754	\$ 12,397,096
Certificates of deposit	2,837,476	6,377,266
Investments	448,603,451	419,656,901
Charitable remainder trusts	1,969,538	1,894,945
Operating lease right-of-use assets	589,202	653,775
Other assets	869,213	892,376
Property and equipment, net	2,694,690	2,730,168
TOTAL ASSETS	\$ 484,529,324	\$ 444,602,527
<u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 363,109	\$ 273,306
Grants, grant initiatives and scholarships payable	2,085,223	2,739,716
Note payable	1,560,240	1,632,725
Annuity liability	4,256,538	4,998,807
Funds held for the benefit of others	21,944,523	19,955,133
Operating lease liabilities	589,202	653,775
TOTAL LIABILITIES	30,798,835	30,253,462
<u>NET ASSETS</u>		
Without donor restrictions	441,894,326	403,892,405
With donor restrictions	11,836,163	10,456,660
TOTAL NET ASSETS	453,730,489	414,349,065
TOTAL LIABILITIES AND NET ASSETS	\$ 484,529,324	\$ 444,602,527

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF ACTIVITIES
AND CHANGES IN NET ASSETS

GULF COAST COMMUNITY FOUNDATION, INC.
AND ITS SUPPORTING ORGANIZATIONS

Year ended June 30, 2024
(With comparative totals for the year ended June 30, 2023)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTALS	
			2024	2023
<u>SUPPORT AND REVENUES</u>				
Contributions	\$ 33,930,746	\$ 2,176,737	\$ 36,107,483	\$ 43,171,080
Investment return, net	51,091,495	1,855,523	52,947,018	34,684,880
Change in value of split interest agreements	190,572	78,712	269,284	(345,506)
Other revenue (expense)	183,042	(146,249)	36,793	100,427
	85,395,855	3,964,723	89,360,578	77,610,881
Net assets released from restrictions	2,585,220	(2,585,220)	0	0
TOTAL SUPPORT AND REVENUES	87,981,075	1,379,503	89,360,578	77,610,881
<u>EXPENSES</u>				
Program services:				
Program grants and scholarships	42,513,692	0	42,513,692	36,823,359
Grant initiatives	2,500,193	0	2,500,193	2,931,929
Program services	1,559,557	0	1,559,557	1,323,291
TOTAL PROGRAM SERVICES	46,573,442	0	46,573,442	41,078,579
Supporting services:				
Management and general	1,832,246	0	1,832,246	1,818,803
Donor development	1,573,466	0	1,573,466	1,651,348
TOTAL SUPPORTING SERVICES	3,405,712	0	3,405,712	3,470,151
TOTAL EXPENSES	49,979,154	0	49,979,154	44,548,730
INCREASE IN NET ASSETS	38,001,921	1,379,503	39,381,424	33,062,151
<u>NET ASSETS</u>				
Beginning of year	403,892,405	10,456,660	414,349,065	381,286,914
End of year	\$ 441,894,326	\$ 11,836,163	\$ 453,730,489	\$ 414,349,065

See accompanying notes to consolidated financial statements

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

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

Year ended June 30, 2023
(With comparative totals for the year ended June 30, 2024)

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTALS</u>	
			2023	2024
<u>SUPPORT AND REVENUES</u>				
Contributions	\$ 40,234,664	\$ 2,936,416	\$ 43,171,080	\$ 36,107,483
Investment return, net	33,271,111	1,413,769	34,684,880	52,947,018
Change in value of split interest agreements	191,212	(536,718)	(345,506)	269,284
Other revenue (expense)	266,134	(165,707)	100,427	36,793
	73,963,121	3,647,760	77,610,881	89,360,578
Net assets released from restrictions	3,832,942	(3,832,942)	0	0
TOTAL SUPPORT AND REVENUES	77,796,063	(185,182)	77,610,881	89,360,578
<u>EXPENSES</u>				
Program services:				
Program grants and scholarships	36,823,359	0	36,823,359	42,513,692
Grant initiatives	2,931,929	0	2,931,929	2,500,193
Program services	1,323,291	0	1,323,291	1,559,557
TOTAL PROGRAM SERVICES	41,078,579	0	41,078,579	46,573,442
Supporting services:				
Management and general	1,818,803	0	1,818,803	1,832,246
Donor development	1,651,348	0	1,651,348	1,573,466
TOTAL SUPPORTING SERVICES	3,470,151	0	3,470,151	3,405,712
TOTAL EXPENSES	44,548,730	0	44,548,730	49,979,154
INCREASE (DECREASE) IN NET ASSETS	33,247,333	(185,182)	33,062,151	39,381,424
<u>NET ASSETS</u>				
Beginning of year	370,645,072	10,641,842	381,286,914	414,349,065
End of year	\$ 403,892,405	\$ 10,456,660	\$ 414,349,065	\$ 453,730,489

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

Years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Increase in net assets	\$ 39,381,424	\$ 33,062,151
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Donated securities	(12,650,595)	(9,164,886)
Net gain on investments	(49,112,940)	(31,935,612)
Loss on disposal of property and equipment	13,500	4,400
Depreciation	235,670	211,253
Amortization of operating lease right-of-use assets	64,573	24,050
Change in value of split interest agreements	(170,221)	(116,708)
(Increase) decrease in operating assets:		
Charitable remainder trusts	95,628	107,169
Other assets	23,163	32,992
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	89,803	(57,304)
Grants, grants initiatives and scholarships payable	(654,493)	(577,982)
Annuity liability	(742,269)	239,327
Funds held for the benefit of others	1,989,390	268,388
Operating lease liabilities	(64,573)	(24,050)
NET CASH USED IN OPERATING ACTIVITIES	<u>(21,501,940)</u>	<u>(7,926,812)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Net redemption (purchase) of certificates of deposit	3,539,790	(85,975)
Proceeds from sale of investments	122,004,663	169,163,536
Purchase of investments	(89,187,678)	(161,542,154)
Purchase of property and equipment	(213,692)	(296,503)
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>36,143,083</u>	<u>7,238,904</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Principal payments on note payable	(72,485)	(70,183)
NET CASH USED IN FINANCING ACTIVITIES	<u>(72,485)</u>	<u>(70,183)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	14,568,658	(758,091)
<u>CASH AND CASH EQUIVALENTS</u>		
Beginning of year	12,397,096	13,155,187
End of year	<u>\$ 26,965,754</u>	<u>\$ 12,397,096</u>
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u>		
Cash paid during the year for interest	<u>\$ 47,647</u>	<u>\$ 48,867</u>

See accompanying notes to consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

GULF COAST COMMUNITY FOUNDATION, INC. AND ITS SUPPORTING ORGANIZATIONS

June 30, 2024 and 2023

NOTE A – ORGANIZATION

Together with our donors, Gulf Coast Community Foundation, Inc. (Gulf Coast) and its supporting organizations, The Venice Endowment, Inc. and Gulf Coast Strategic Investments, Inc, transform our region through bold and proactive philanthropy. Gulf Coast is a public charity that was created in 1995 with proceeds from the sale of The Venice Hospital. Since then, the foundation has grown to include more than 850 generous donor partnerships and invested more than \$570 million in grants and initiatives in the areas of health and human services, civic and economic development, education, arts and culture, and the environment.

Donors:

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

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

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

Community Leadership:

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

Priority issues identified through this research include affordable housing, water quality and access to green spaces, and mental health. Gulf Coast also provides support in the areas of arts and culture, civic and economic development, disaster recovery, education, environment, and health and human services.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

June 30, 2024 and 2023

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidated Financial Statements:

Gulf Coast has three supporting organizations: The Venice Endowment, Inc., Gulf Coast Strategic Investments, Inc., and S & G Moore Family Foundation, Inc. The consolidated financial statements and notes are representations of Gulf Coast's management, who is responsible for their integrity and objectivity. The accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the consolidated financial statements. Within the accompanying consolidated financial statements, all significant inter-company transactions and accounts have been eliminated.

Basis of Accounting:

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

Revenue Recognition:

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

Cash and Cash Equivalents:

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

Certificates of Deposit:

Gulf Coast invests a portion of endowed fund reserves into the Certificate of Deposit Account Registry Service (CDARS). CDARS allow investors to keep their money insured by staying below the Federal Deposit Insurance Corporation insurance limit of \$250,000 per depositor, per bank.

Investments:

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

June 30, 2024 and 2023

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment:

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

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

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

Leases:

Gulf Coast determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the consolidated statements of financial position.

ROU assets represent Gulf Coast's right to use an underlying asset for the lease term and lease liabilities represent Gulf Coast's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of Gulf Coast's leases do not provide an implicit rate, a risk-free rate is utilized based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU assets also include any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that Gulf Coast will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Gulf Coast's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Grants, Grant Initiatives, Scholarships Payable and Expense:

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

June 30, 2024 and 2023

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Funds Held for the Benefit of Others:

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

Net Asset Classification:

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

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

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

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

Estimates and Assumptions:

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

June 30, 2024 and 2023

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Variance Power:

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

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

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

Split Interest Agreements:

Gulf Coast has been named remainderman in several irrevocable charitable remainder trusts and gift annuities. Gulf Coast's beneficial interest in the trusts' assets is measured at the present value of the estimated future distributions expected to be received. Conversely, Gulf Coast's estimated annuity liability related to gift annuities is measured at the present value of the estimated future payments to be made. The present value of payments are calculated using applicable tax discount rates at the consolidated statements of financial position dates and annuity payout rates ranging from 4.2% to 9.2%, to be received by the designated beneficiaries over the terms of the trusts and annuities.

Contributions of gift annuities and charitable remainder trusts included as such on the consolidated statements of activities and changes in net assets were \$53,544 and \$203,022 for the years ended June 30, 2024 and 2023, respectively. Gains or losses resulting from changes in actuarial assumptions and accretions of the discount are recorded as change in value of split interest agreements in the consolidated statements of activities and changes in net assets. The amounts of related assets and liabilities are based on estimated maturity of the agreements. Actual results could differ from those estimates.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

June 30, 2024 and 2023

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status:

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

Financial Instruments Not Measured at Fair Value:

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

Functional Allocation of Expenses:

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

Subsequent Events:

Management evaluated all activity of Gulf Coast through December 17, 2024, the date the consolidated financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition or disclosure in the consolidated financial statements or notes.

NOTE C – INVESTMENTS

Investments are comprised of the following at June 30:

	<u>2024</u>	<u>2023</u>
Growth instruments	\$ 303,134,929	\$ 271,387,202
Fixed income	62,663,783	77,439,249
Diversifiers	23,130,288	20,725,935
Private equity	28,557,057	20,265,542
Hedge funds	31,117,394	29,838,973
	<u>\$ 448,603,451</u>	<u>\$ 419,656,901</u>

The investment values above include a net accumulated unrealized gain (loss) of \$35,940,515 and \$(4,469,878) as of June 30, 2024 and 2023, respectively. For the year ended June 30, 2024, realized and unrealized gains of \$6,450,348 and \$40,410,393, respectively, have been recognized in the consolidated statements of activities and changes in net assets. For the year ended June 30, 2023, realized and unrealized gains (losses) of (\$3,651,387) and \$33,441,258, respectively, have been recognized in the consolidated statements of activities and changes in net assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

June 30, 2024 and 2023

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Land and improvements	\$ 341,205	\$ 341,205
Buildings and improvements	3,893,367	3,792,465
Equipment	365,931	365,931
Construction in progress	0	37,210
	<u>4,600,503</u>	<u>4,536,811</u>
Less accumulated depreciation	1,905,813	1,806,643
Net property and equipment	<u>\$ 2,694,690</u>	<u>\$ 2,730,168</u>

NOTE E – NOTE PAYABLE

Gulf Coast has a note payable with a financial institution where borrowings are uncollateralized and bear interest at 2.89%. Monthly principal and interest payments are made based on a twenty-year amortization period. As of June 30, 2024 and 2023, the outstanding balance on the note payable totaled \$1,560,240 and \$1,632,725, respectively.

Principal due on the note payable for each of the five years following June 30, 2024 and thereafter are as follows:

2025	\$ 74,966
2026	77,161
2027	79,421
2028	81,747
2029	84,141
Thereafter	<u>1,162,804</u>
	<u>\$ 1,560,240</u>

NOTE F – FUNDS HELD FOR THE BENEFIT OF OTHERS

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

	<u>2024</u>	<u>2023</u>
Funds held for the benefit of others, beginning of year:	\$ 19,955,133	\$ 19,686,745
Contributions	535,110	886,715
Investment income	227,793	239,259
Realized and unrealized gain on investments	2,367,193	1,607,908
Grant payments	(994,563)	(2,298,997)
Investment management and administrative fees	(146,143)	(166,497)
Funds held for the benefit of others, end of year	<u>\$ 21,944,523</u>	<u>\$ 19,955,133</u>

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

June 30, 2024 and 2023

NOTE G – FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

FASB ASC 820 requires Gulf Coast to present fair value measurements separately for each class of assets and liabilities held as of June 30, 2024 and 2023. The following table presents information about the classes of assets and liabilities that are measured at fair value on a recurring basis, and indicates the fair value hierarchy of the valuation techniques used to determine fair value.

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

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

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

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

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

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

Private Equity and Hedge funds - Gulf Coast's investments in private equity and hedge funds are not actively traded and are valued at NAV by the general partner/managing member based on such factors as the underlying partnerships' net assets, liquidity, the nature of the portfolio, and market conditions. Because of the inherent uncertainty of valuations, those estimated values may differ from the values that would have been used had a ready market for the partnerships and hedge fund existed. Gulf Coast believes that the carrying amounts of its private equity and hedge funds are reasonable estimates of fair value as of June 30, 2024 and 2023.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

June 30, 2024 and 2023

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

The following table sets forth by level, within the fair value hierarchy, Gulf Coast’s assets and liabilities at fair value as of June 30, 2024:

Description	Total	Level 1	Level 2	Level 3
Assets:				
Growth instruments:				
U.S. public equity	\$ 220,905,220	\$ 220,905,220	\$ 0	\$ 0
International developed	54,857,675	54,857,675	0	0
International emerging	26,789,225	26,789,225	0	0
Commodities	294,618	294,618	0	0
Real estate	288,191	288,191	0	0
Total growth instruments	<u>303,134,929</u>	<u>303,134,929</u>	<u>0</u>	<u>0</u>
Fixed income:				
Opportunistic fixed income	30,102	30,102	0	0
Other fixed income	62,633,681	62,633,681	0	0
Total fixed income	<u>62,663,783</u>	<u>62,663,783</u>	<u>0</u>	<u>0</u>
Diversifiers	23,130,288	20,159,667	0	2,970,621
Investments measured at NAV*	59,674,451	0	0	0
Total investments	<u>448,603,451</u>	<u>385,958,379</u>	<u>0</u>	<u>2,970,621</u>
Charitable remainder trusts	1,969,538	1,840,273	67,156	62,109
Total Assets at Fair Value	<u>\$ 450,572,989</u>	<u>\$ 387,798,652</u>	<u>\$ 67,156</u>	<u>\$ 3,032,730</u>
Liabilities:				
Annuity liability	\$ 4,256,538	\$ 0	\$ 0	\$ 4,256,538
Funds held for the benefit of others	21,944,523	21,944,523	0	0
Total Liabilities at Fair Value	<u>\$ 26,201,061</u>	<u>\$ 21,944,523</u>	<u>\$ 0</u>	<u>\$ 4,256,538</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

June 30, 2024 and 2023

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

The following table sets forth by level, within the fair value hierarchy, Gulf Coast’s assets and liabilities at fair value as of June 30, 2023:

Description	Total	Level 1	Level 2	Level 3
Assets:				
Growth instruments:				
U.S. public equity	\$ 165,420,130	\$ 165,420,130	\$ 0	\$ 0
International developed	78,578,903	78,578,903	0	0
International emerging	26,227,968	26,227,968	0	0
Commodities	252,965	252,965	0	0
Real estate	907,236	907,236	0	0
Total growth instruments	<u>271,387,202</u>	<u>271,387,202</u>	<u>0</u>	<u>0</u>
Fixed income:				
Opportunistic fixed income	71,476	71,476	0	0
Other fixed income	77,367,773	77,367,773	0	0
Total fixed income	<u>77,439,249</u>	<u>77,439,249</u>	<u>0</u>	<u>0</u>
Diversifiers	20,725,935	16,190,674	0	4,535,261
Investments measured at NAV*	50,104,515	0	0	0
Total investments	419,656,901	365,017,125	0	4,535,261
Charitable remainder trusts	1,894,945	1,781,645	67,442	45,858
Total Assets at Fair Value	<u>\$ 421,551,846</u>	<u>\$ 366,798,770</u>	<u>\$ 67,442</u>	<u>\$ 4,581,119</u>
Liabilities:				
Annuity liability	\$ 4,998,807	\$ 0	\$ 0	\$ 4,998,807
Funds held for the benefit of others	19,955,133	19,955,133	0	0
Total Liabilities at Fair Value	<u>\$ 24,953,940</u>	<u>\$ 19,955,133</u>	<u>\$ 0</u>	<u>\$ 4,998,807</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

June 30, 2024 and 2023

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

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

	<u>NAV in Funds June 30, 2024</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Private equity funds	\$ 28,557,057	\$ 19,200,000	N/A	N/A
Hedge funds	<u>31,117,394</u>	<u>0</u>	Monthly - Triennially	30-90 days
	<u>\$ 59,674,451</u>	<u>\$ 19,200,000</u>		
	<u>NAV in Funds June 30, 2023</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Private equity funds	\$ 20,265,542	\$ 25,000,000	N/A	N/A
Hedge funds	<u>29,838,973</u>	<u>0</u>	Monthly - Triennially	30-90 days
	<u>\$ 50,104,515</u>	<u>\$ 25,000,000</u>		

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

June 30, 2024 and 2023

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

The following is a reconciliation of the beginning and ending balances for assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the years June 30, 2024 and 2023:

	Charitable Remainder Trusts	Annuity Liability
Balance - June 30, 2022	\$ 1,885,406	\$ 4,759,480
Change in value of split interest agreements	116,708	536,718
New agreements	0	522,705
Maturities	<u>(107,169)</u>	<u>(820,096)</u>
Balance - June 30, 2023	1,894,945	4,998,807
Change in value of split interest agreements	170,221	(259,204)
New agreements	0	56,234
Maturities	<u>(95,628)</u>	<u>(539,299)</u>
Balance - June 30, 2024	<u>\$ 1,969,538</u>	<u>\$ 4,256,538</u>

NOTE H – BOARD DESIGNATED NET ASSETS

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

	<u>2024</u>	<u>2023</u>
Designated:		
Initiative funds	\$ 3,226,067	\$ 4,242,895
Operating and grant reserve fund	7,163,334	6,599,230
Capital expenditures reserve fund	<u>251,603</u>	<u>123,150</u>
Total designated net assets without donor restrictions	10,641,004	10,965,275
Undesignated:	<u>431,253,322</u>	<u>392,927,130</u>
Total net assets without donor restrictions	<u>\$ 441,894,326</u>	<u>\$ 403,892,405</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

June 30, 2024 and 2023

NOTE I – DONOR RESTRICTED SUPPORT

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

	<u>2024</u>	<u>2023</u>
Charitable remainder trusts and gift annuity agreements	\$ 4,505,373	\$ 3,699,845
Funds designating specific organizations or projects to be supported	<u>7,158,495</u>	<u>6,602,824</u>
	<u>\$ 11,663,868</u>	<u>\$ 10,302,669</u>

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

	<u>2024</u>	<u>2023</u>
Health & Human Services	<u>\$ 172,295</u>	<u>\$ 153,991</u>

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

	<u>2024</u>	<u>2023</u>
Change in value of charitable gift annuity agreements and project funds	\$ 2,266,584	\$ 3,534,519
Grants from fund designating specific organizations to be supported	137,723	137,723
Other	<u>180,913</u>	<u>160,700</u>
	<u>\$ 2,585,220</u>	<u>\$ 3,832,942</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

June 30, 2024 and 2023

NOTE J – FUNCTIONAL EXPENSES

Functional expense classification within the consolidated statements of activities and changes in net assets consists of the following for the year ended June 30, 2024:

	Program Grants, Scholarships and Initiatives	Program Services	Management and General	Donor Development	Total
Program grants, scholarships and initiatives	\$ 45,013,885	\$ 0	\$ 0	\$ 0	\$ 45,013,885
Salary and benefits	0	1,111,654	1,114,082	992,513	3,218,249
Purchased services	0	177,915	313,379	198,452	689,746
Other	0	197,323	322,850	301,431	821,604
Depreciation	0	72,665	81,935	81,070	235,670
TOTAL	<u>\$ 45,013,885</u>	<u>\$ 1,559,557</u>	<u>\$ 1,832,246</u>	<u>\$ 1,573,466</u>	<u>\$ 49,979,154</u>

Functional expense classification within the consolidated statements of activities and changes in net assets consists of the following for the year ended June 30, 2023:

	Program Grants, Scholarships and Initiatives	Program Services	Management and General	Donor Development	Total
Program grants, scholarships and initiatives	\$ 39,755,288	\$ 0	\$ 0	\$ 0	\$ 39,755,288
Salary and benefits	0	959,772	1,156,361	1,057,556	3,173,689
Purchased services	0	157,836	308,419	223,970	690,225
Other	0	149,482	274,985	293,808	718,275
Depreciation	0	56,201	79,038	76,014	211,253
TOTAL	<u>\$ 39,755,288</u>	<u>\$ 1,323,291</u>	<u>\$ 1,818,803</u>	<u>\$ 1,651,348</u>	<u>\$ 44,548,730</u>

NOTE K – EMPLOYEE RETIREMENT PLAN

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

Employer contributions may be made to eligible employees; however, these contributions are not required and will be determined each year by management. Further details of the plan are disclosed in the plan document. Estimated retirement plan contributions of \$201,950 and \$242,770 for the years ended June 30, 2024 and 2023, respectively, were recorded.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

June 30, 2024 and 2023

NOTE L – OPERATING LEASE COMMITMENTS

Gulf Coast has entered into an operating lease agreement for office space expiring February 29, 2032. The agreement includes an option to extend the lease for two additional terms of five years. In addition, the lease calls for annual increases of 2%.

As of June 30, 2024 and 2023, the weighted average remaining lease term of these agreements was 7.67 years and 8.67 years, respectively. The weighted average discount rate is 1.75%. The total operating lease cost under this agreement was \$97,710 and \$71,488 for the years ended June 30, 2024 and 2023, respectively.

Future minimum lease payments under non-cancellable operating leases as of June 30, 2024 were as follows:

2025	\$	77,017
2026		78,567
2027		80,133
2028		81,733
2029		83,350
Thereafter		<u>230,300</u>
Total future minimum lease payments		631,100
Less remaining imputed interest		<u>41,898</u>
		<u>\$ 589,202</u>

NOTE M – RELATED PARTY TRANSACTIONS

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

NOTE N – CONCENTRATIONS OF CREDIT AND ECONOMIC RISK

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

June 30, 2024 and 2023

NOTE O – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

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

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash and cash equivalents	\$ 26,965,754	\$ 12,397,096
Certificates of deposit	2,837,476	6,377,266
Investments and charitable remainder trust assets	450,572,989	421,551,846
Accounts receivable and other assets	677,108	0
Total financial assets available within one year	<u>481,053,327</u>	<u>440,326,208</u>
Less amounts unavailable for general expenditures within one year:		
Donor advised, scholarship and supporting organization funds	171,282,749	153,975,680
CGAs and CRUTS	8,811,911	8,698,522
Agency funds	21,944,523	19,955,133
Restricted by donor for time or purpose	11,663,868	10,302,669
Restricted by donor in perpetuity	172,295	153,991
Donor restricted net assets subject to variance power	246,427,570	227,433,897
Board designated net assets	10,641,004	10,965,275
Total amounts unavailable for general expenditures within one year	<u>470,943,920</u>	<u>431,485,167</u>
 Total financial assets available to management for general expenditure within one year	 <u>\$ 10,109,407</u>	 <u>\$ 8,841,041</u>