

**COMMUNITY FOUNDATION
OF NORTHWEST FLORIDA**

**INDEPENDENT REVIEW OF FINANCIAL STATEMENTS
DECEMBER 31, 2012**

DURST-JORDAN, CPAs

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Community Foundation of Northwest Florida

We have reviewed the accompanying statement of financial position of Community Foundation of Northwest Florida (a nonprofit organization) as of December 31, 2012, and the related statements of activities and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

DURST JORDAN

 CPA

Durst Jordan, CPA, PA

July 30, 2013

Community Foundation of Northwest Florida

Statement of Financial Position

December 31, 2012

Assets	<u>Unrestricted Funds</u>	<u>Temporarily Restricted Funds</u>	<u>Permanently Restricted Funds</u>	<u>Total</u>
Current Assets:				
Cash	\$ 16,614	\$ 88,702	\$	\$ 105,316
Investments	352,377			352,377
Total Current Assets	<u>368,991</u>	<u>88,702</u>		<u>457,693</u>
Non Current Assets:				
Investments		939,728		939,728
Total Assets	<u>368,991</u>	<u>1,028,430</u>		<u>1,397,421</u>
 Liabilities and Net Assets				
Net Assets				
Unrealized Gains/Losses	12,562	83,776		96,338
Net Assets	<u>356,429</u>	<u>944,654</u>		<u>1,301,083</u>
Total Net Assets	<u>368,991</u>	<u>1,028,430</u>		<u>1,397,421</u>
 Total Liabilities & Net Assets	 <u>\$ 368,991</u>	 <u>\$ 1,028,430</u>	 <u>\$</u>	 <u>\$ 1,397,421</u>

See accompanying notes and independent accountant's review report.

Community Foundation of Northwest Florida, Inc

Statement of Activities

For the year ended December 31, 2012

	<u>Unrestricted Funds</u>	<u>Temporarily Restricted Funds</u>	<u>Permanently Restricted Funds</u>	<u>Total</u>
Revenues, Gains and Support				
Contributions	\$ 64,390	\$	\$	\$ 64,390
Interest and Dividend Income		43,730		43,730
Net Realized and Unrealized				
Capital Gain (Loss) on Investments		68,568		68,568
Administrative Income	8,525			8,525
Total Revenues and Gains	<u>72,915</u>	<u>112,298</u>		<u>185,213</u>
Net Assets Released from Restrictions	75,244	(75,244)		
Total Revenues, Gains and Support	<u>148,159</u>	<u>37,054</u>		<u>185,213</u>
Expenses				
Grants and Awards	129,925			129,925
Program Services	39,782			39,782
General and Administrative Expenses	129,634			129,634
Investment Mangement Fees	13,925			13,925
Total Expenses	<u>313,266</u>			<u>313,266</u>
Change in Net Assets	(240,351)	37,054		(128,053)
Net Assets, Beginning of Year	<u>1,478,752</u>	<u>46,722</u>		<u>1,525,474</u>
Net Assets, End of Year	<u>\$ 1,238,401</u>	<u>\$ 83,776</u>	<u>\$</u>	<u>\$ 1,397,421</u>

See accompanying notes and independent accountant's review report.

Community Foundation of Northwest Florida

Statement of Cash Flow

For the year ended December 31, 2012

	<u>2012</u>
Reconciliation of change in net assets to net cash used by operating activities	
Change in Net Assets	\$ (128,053)
Adjustments to reconcile change in net assets to net cash used by operating activities	
Net Unrealized Gains and Losses	<u>(39,250)</u>
Net cash used in operating activities	(167,303)
Adjustments to reconcile change in net assets to net cash used in investing activities	
Increase in Net Investment Value	<u>(65,739)</u>
Net cash used in investing activities	<u>(65,739)</u>
Net (decrease)/increase in cash	<u>(233,042)</u>
Cash at beginning of period	<u>338,358</u>
Cash at end of period	<u><u>\$ 105,316</u></u>

See accompanying notes and independent accountant's review report.

**COMMUNITY FOUNDATION OF NORTHWEST FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE A – SUMMARY OF ACCOUNTING POLICIES

1. NATURE OF ORGANIZATION

The Greater Escambia Community Foundation (GECF) was established in 1995 through an initial grant from the D.W. McMillan Foundation. The grant was conditioned on the original board members being able to raise matching funds from the community, and a small group of dedicated volunteers raised the required matching funds. The Articles of Incorporation defined the areas to be served as “Escambia County, Florida, and communities and areas in its vicinity.” Since its formation, the Greater Escambia Community Foundation has limited its activities to Escambia and Santa Rosa Counties. During 2012, the Board of Directors voted to change the name of the Organization to Community Foundation of Northwest Florida (CFNWF) and to extend their reach to all communities and areas of Northwest Florida.

2. BASIS OF PRESENTATION AND ACCOUNTING

CFNWF’s financial statements are presented in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented on an accrual basis of accounting, therefore, income is recognized when earned and expenses are recorded as incurred.

3. CLASSIFICATION OF NET ASSETS

CFNWF’s financial statements are presented in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented on an accrual basis of accounting, therefore, income is recognized when earned and expenses are recorded as incurred.

The Foundation reports information regarding its financial position and activities in several classes of net assets. The Bylaws of the Foundation include a variance power provision which gives the Board of Directors the power to modify any restriction or condition on the distribution of funds. In accordance with FASB ASC 958-205, “Not-for-Profit Entities Presentation of Financial Statements”, the Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets defined as follows:

These notes are an integral part of the financial statements. See independent accountant’s review report.

COMMUNITY FOUNDATION OF NORTHWEST FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

CLASSIFICATION OF NET ASSETS - CONTINUED

Unrestricted net assets have no donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors. Under the terms of the Governing Documents, the board has the ability to distribute as much of the corpus of any separate gift, devise, bequest, or fund as the board in its sole discretion shall determine. As a result of the ability to distribute corpus, all contributions not classified as temporarily restricted or permanently restricted are classified as unrestricted net assets for financial statement purposes.

Temporarily restricted net assets contain donor-imposed stipulations that restrict the use of the timing of expending the donated assets. Temporarily restricted net assets include irrevocable charitable trusts, contributions receivable and the portion of donor restricted endowment funds that are deemed to be restricted over the donor-specified period of the endowment by explicit donor stipulation. In addition, investment returns from permanently and temporarily restricted net assets are classified as temporarily restricted until appropriated for expenditure. Once appropriated, temporarily restricted assets are released to unrestricted net assets. Such transfers are reported in the statement of activities as “net assets released from restrictions.”

Permanently restricted net assets have been restricted by donors to be maintained by the Foundation in perpetuity. The Foundation had no permanently restricted net assets at December 31, 2012

FASB ASC (ASC 958-205-45-28) further provides guidance for the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to a state enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), and provides for enhanced disclosures about endowment funds(both donor-restricted endowment funds and board-designated endowment funds. The state of Florida has enacted UPMIFA with an effective date of July 1, 2012. The Foundation has determined its net assets do not meet the definition of endowment under UPMIFA.

These notes are an integral part of the financial statements. See independent accountant's review report.

COMMUNITY FOUNDATION OF NORTHWEST FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

CLASSIFICATION OF NET ASSETS - CONTINUED

The Foundation enters into individual agreements with donors to reflect the types of funds to be created and the purposes for which the funds are intended. Pursuant to the Foundation's Articles of Incorporation and Bylaws, the board has power to modify any restriction or condition on distribution of funds for any specified charitable purposes or to specified organizations, if in the sole judgment of the board, without the necessity of the approval of any custodian or agent, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. As a result of this variance power, the foundation has no assets that are permanently restricted. Net assets encumbered with time restrictions are temporarily restricted until such time that those time restrictions are met.

The following types of funds are maintained by the Foundation:

Donor Advised Funds – allows donors to create a fund with a single or multiple gifts to the Foundation.

Donor Designated Funds – allows donors to create a fund to provide long-term support to a single charity or multiple charities of their choice.

Field of Interest Fund – allows a donor to create a fund designed to provide long-term support for a particular area of interest such as as children, the environment, the arts, etc. Other donors can add to this type of fund as well.

Agency Endowment Fund – allows public charities or religious institutions to create an endowment fund designated to provide income for future charitable purposes.

4. SPENDING AND INVESTMENT POLICIES

The Foundation has adopted investment and spending policies for all endowment assets including board designated endowments that attempt to provide a predictable stream of funding to organizations supported by the foundation while seeking to maintain the purchasing power of the endowment assets. The Foundation's spending and investment policies work together to achieve this objective.

These notes are an integral part of the financial statements. See independent accountant's review report.

**COMMUNITY FOUNDATION OF NORTHWEST FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012**

5. CASH, CASH EQUIVALENTS & INVESTMENTS

For purposes of the statements of cash flows, all highly liquid unrestricted investments with a maturity of 3 months or less when purchased are considered to be cash equivalents.

6. INVESTMENTS

Investments are stated at fair value based on quoted prices in active markets and consist primarily of equities, U.S. Treasury bills, U.S. Agency notes, and corporate bonds.

7. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

8. INCOME TAXES

The corporation is organized under the laws of the State of Florida as a nonprofit corporation and was recognized as such by the State of Florida. The corporation is also recognized by the Internal Revenue Service as a nonprofit corporation under section 501(c) 3 of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the Foundation's financial statements. The Foundation is not aware of any uncertain tax position that would require disclosure in accordance with GAAP. The Foundation is no longer subject to income tax examinations for years prior to 2009.

NOTE B – CASH AND INVESTMENT CREDIT RISK

Cash accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. At December 31, 2012, the Foundation's bank balances of \$105,316 (before outstanding checks and deposits in transit) were fully insured by the FDIC. These amounts were held in checking, savings, or money market accounts. The Foundations investments at December 31, 2012 totaling \$ 1,292,105 were all exposed to credit risk.

These notes are an integral part of the financial statements. See independent accountant's review report.

**COMMUNITY FOUNDATION OF NORTHWEST FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE C – NONCASH INVESTING, FINANCING AND CAPITAL ACTIVITIES

There were no non cash investing, financing, and capital activities during the year ended December 31, 2012.

NOTE D – INVESTMENTS

Investments are stated at fair value based on quoted prices in active markets and consist primarily of equities, U.S. Treasury bills, U.S. Agency notes, and corporate bonds, as of December 31, 2012 as follows:

	Cost	Fair Value	Unrealized Gains/ (Losses)
Cash and cash equivalents	\$ 80,753	\$ 80,753	\$ 0
Equities - common stock and mutual funds	710,227	793,299	83,072
US Agency notes and treasuries	109,003	109,642	639
Corporate bonds	<u>295,784</u>	<u>308,411</u>	<u>12,627</u>
	<u>\$1,195,979</u>	<u>\$1,292,105</u>	<u>\$ 96,338</u>

Investment return is summarized as follows:

Interest income	\$ 9,442
Net realized investment income	63,606
Unrealized Investment Gain	<u>39,250</u>
Total Return	\$112,298
Investment management Fees	<u>(13,925)</u>
Total investment return net of fees	<u>\$ 98,373</u>

These notes are an integral part of the financial statements. See independent accountant's review report.

**COMMUNITY FOUNDATION OF NORTHWEST FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE E – RISK MANAGEMENT

The Organization is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters.

The Organization is covered by outside insurance for the following exposures:

Officers and Directors,	\$1,000,000 coverage
Employment Practices	\$1,000,000 coverage
Donor Data Loss	\$10,000 coverage

NOTE F – BUDGET APPROVAL

The Organization's budget must be approved on an annual basis by its Board of Directors. Each budget is approved prior to the start of the next fiscal year.

NOTE G – RELATED PARTY TRANSACTIONS

Tom Owens is a Board member and an employee of BB&T, where the organization maintains a money market account with a 12/31/2012 balance of \$88,701.80. Interest income for 2012 was \$ 311.01.

Scott Barrow is the Foundation Treasurer and the City President of Regions Bank where the organization maintains investments totaling \$1,162,694 and cash totaling \$16,614.21 at 12/31/2012. Investment expenses paid to Regions Bank at 2012 were \$12,036. Interest and dividends from Regions totaled \$37,253.

Mort O'Sullivan is the Foundation Vice Chair and a partner at Warren Averett, an accounting firm employed to perform accounting and bookkeeping services totaling \$6,400 in 2012.

All transactions were consummated on terms equivalent to arm's length transactions.

These notes are an integral part of the financial statements. See independent accountant's review report.

**COMMUNITY FOUNDATION OF NORTHWEST FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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NOTE H – SUBSEQUENT EVENTS

Events and transactions that occurred between December 31, 2012 and July 15, 2013, which is the date that the financials were available to be issued, have been examined for possible recognition or disclosure in the financial statements. No items were found that required disclosure.

These notes are an integral part of the financial statements. See independent accountant's review report.